

CITY OF LAPEER, MICHIGAN
COUNTY OF LAPEER
COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008
INDEPENDENT AUDITORS' REPORT

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Layton & Richardson, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Commission
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We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lapeer, Michigan as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Lapeer, Michigan. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The general purpose financial statements referred to above do not include the Lapeer Housing Commission Fund, which should be included to conform to U.S. generally accepted accounting principles. The amounts by which the financial statements would change if this fund were included cannot be determined.

In our opinion, except for the departures described above, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lapeer, Michigan as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and the required supplementary information on pages 3 through 15 and pages 82 through 85 are not a required part of the basic financial statement but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted primarily of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Lapeer, Michigan's basic financial statements. The accompanying introductory section, supplemental financial information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental financial information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Layton & Richardson, P.C.
Certified Public Accountants

East Lansing, Michigan
November 4, 2008

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Management's Discussion and Analysis

Our discussion and analysis of the City of Lapeer's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- State Revenue Sharing Funds continue to be reduced. The city received \$784,522 in FY 2007-2008 compared to \$801,727 in FY 2006-2007, this is a reduction of \$17,205 or 2.1%. When compared to State Revenue Sharing Funds received in Fiscal Year 2001-2002, actual State Revenue Sharing Funds received reduced from \$1,037,526 to \$784,522 or a reduction of \$253,004 or 24.4%.
- The city income tax revenue of \$2,393,803 in fiscal year 2007-2008 was \$216,479 (9.9%) more than the prior year revenue of \$2,177,324.
- Interest on investments in the General Fund were at \$121,826 in fiscal year 2007-2008 compared to \$151,293 the prior year. This was a decrease of \$29,467 or 19.5%. This decrease in revenue is due to decreases in the interest rates.
- A land transfer agreement was completed with Lapeer Township, dated December 4, 2006, for the transfer of approximately 800 acres of land surrounding the I-69/M-24 interchange. There has been substantial interest in this property by Commercial Developments and it is estimated that the potential development of this area would be approximately \$1 billion dollars. The city is currently in process of developing plans and determining the financing mechanism to provide utilities to this area. An approved site plan has been received for the development of a 41.6 acre site for a Lowe's store with garden center of approximately 171,069 square feet and a large retail store of approximately 127,000 square feet. At this time the retailer has not been identified that will occupy this store. As of June 30, 2008, the property owners had still not agreed to the spread of an assessment roll against their properties which would allow the city to go forward with the bonding required to construct the utilities. As of October 6, 2008, the property owners reached agreement on the spread of an assessment against their properties and the special assessment roll was confirmed by the City Commission.
- The city issued 2007 General Obligation Bonds in the amount of \$110,000 and 2007 Special Assessment Bonds in the amount of \$175,000 for street construction projects for Horton Street. The city entered into an installment purchase contract with Energy Systems Group, LLC to install energy conservation measures and related upgrades in the amount of \$1,404,455 and warrants that the total savings over the first ten (10) years will be \$1,748,078.
- There was 1 new home constructed during this fiscal year. There is very little residential building activity at this time, however, there are still several open projects. These projects include Brookwood Condominium which is planned for 218 single family sites valued at \$180,000 to \$250,000. The current phase in development has 78 sites. Carriage Hill is planned as an 80 unit attached condominium development valued at \$129,000. The current phase in development has 34 condominiums. Devonshire is planned for 45 senior condominiums valued at \$200,000 and is currently in development. Woodbridge which is planned for 188 unit cluster condominium valued at \$220,000 to \$300,000 per unit. The current phase in development has 80 condominiums. Golfview is planned for 58 single family homes valued at \$300,000 and is currently in development. Rolling Hills No. 5 is planned for 34 single family units valued at \$175,000 to \$270,000 and is currently in development. Due to the current state of the economy the residential building activity is basically non-existent.

- The Lapeer Regional Medical Center has completed two construction projects. The first project is a two story 30,000 square foot addition to the existing hospital to provide for a new emergency room and space for future expansion. The second project is the construction of a new 18,200 square foot cancer care and ambulatory facility across the street from the existing hospital.
- Energy Steel completed construction of a 55,500 square foot building in the Lapeer Industrial & Research Park valued at approximately \$4,500,000. This development will produce 18 new jobs.
- Lapeer Industries, a manufacturer of military equipment, purchased two vacant facilities within the Lapeer Industrial and Research Park located within the Local Development Finance Authority District. They purchased the former Johnson Control Building located at 3140 John Conley Drive at a cost of \$2,539,239 and the former Alliance Manufacturing Building located at 3255 John Conley Drive at a cost of \$1,812,500. In total Lapeer Industries has five facilities located within the City of Lapeer.
- The City Commission approved a zoning change to the Lapeer Community School Administration property which allowed the completion of the sale of the property to a developer who is proposing to construct a 14,564 square foot building for a Rite Aid Pharmacy with drive-thru service. This building is located on the corner of M-24 and Genesee Street (formerly M-21). Construction on this facility was started during the fiscal year.
- Two new credit unions were constructed during the fiscal year. ELGA Credit Union constructed a 5,856 square foot building at a cost of \$1,200,000 and Dort Federal Credit Union constructed a 4,082 square foot building at a cost of \$1,000,000.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements provide more detailed information about the City's most significant funds- not the City as a whole. These statements tell how these services were financed in the short term as well as what remains for future spending. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the City as a Whole

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net assets* and changes in them. You can think of the City's net assets – the difference between assets and liabilities – as one way to measure the City's financial health, or *financial position*. Over time, *increases* or *decreases* in the City's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the *overall health* of the City:

In the Statement of Net Assets and the Statement of Activities, we divide the City into three kinds of activities:

- Governmental activities – Most of the City’s basic services are reported here, including the police, fire, public works, parks department, and general administration. Property taxes, income taxes, franchise fees, and state and federal grants finance most of these activities.
- Business-type activities – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City’s water and sewer system and auto parking facilities are reported here.
- Component units – The City includes five separate legal entities in its report – Brownfield Redevelopment Authority, Downtown Development Authority, Economic Development Corporation, Local Development Finance Authority, and Tax Increment Finance Authority.

Reporting the City’s Most Significant Funds

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Commission establishes many other funds to help it control and manage money for particular purposes (like the Infrastructure Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from the Michigan State Housing Development Authority). The City’s two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

- *Governmental funds* – Most of the City’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.
- *Proprietary funds* – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City’s enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City’s other programs and activities – such as the City’s Motor Pool Fund.

The City as Trustee

The City is the trustee, or *fiduciary*, for its Mt. Hope Cemetery Perpetual Care Fund. It is also responsible for other assets as an agent for others. All of the City’s fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. We exclude these activities from the City’s other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE CITY AS A WHOLE

Table 1 was summarized from the government-wide Statement of Net Assets. The City's combined net assets (for the primary government) decreased from \$79,332,493 to \$64,064,737, a decrease of \$15,267,756 or 19.2%. In the prior year the net assets increased from \$78,856,546 to \$79,332,493, an increase of \$475,947 or 0.6%. The net assets for the governmental activities decreased from \$67,162,355 to \$51,515,871, a decrease of \$15,646,484 or 23.3%. In the prior year the net assets decreased from \$67,190,895 to \$67,162,355, a decrease of \$28,540 or 0.1%. The net assets for the business-type activities increased from \$12,170,138 to \$12,548,866, an increase of \$378,728 or 3.1%. In the prior year the net assets increased from \$11,665,651 to \$12,170,138, an increase of \$504,487 or 4.3%.

Table 1
Net Assets
(In Millions)

| | Governmental Activities 2008 | Business-type Activities 2008 | Total Primary Government 2008 |
|-----------------------------|------------------------------------|-------------------------------------|--|
| Current and other assets | \$ 6.5 | \$ 2.5 | \$ 9.0 |
| Capital assets | <u>66.2</u> | <u>10.5</u> | <u>76.7</u> |
| Total assets | <u>72.7</u> | <u>13.0</u> | <u>85.7</u> |
| Long-term debt | | | |
| Outstanding | 6.4 | 0.2 | 6.6 |
| Other liabilities | <u>14.8</u> | <u>0.2</u> | <u>15.0</u> |
| Total liabilities | <u>21.2</u> | <u>0.4</u> | <u>21.6</u> |
| Net assets: | | | |
| Invested in capital assets, | | | |
| Net of debt | 61.2 | 10.3 | 71.5 |
| Restricted | 0.0 | 1.4 | 1.4 |
| Unrestricted (deficit) | <u>(9.7)</u> | <u>0.9</u> | <u>(8.8)</u> |
| Total net assets | <u>\$ 51.5</u> | <u>\$ 12.6</u> | <u>\$ 64.1</u> |
| | Governmental Activities 2007 | Business-type Activities 2007 | Total Primary Government 2007 |
| Current and other assets | \$ 7.8 | \$ 3.3 | \$ 11.1 |
| Capital assets | <u>67.6</u> | <u>9.5</u> | <u>77.1</u> |
| Total assets | <u>75.4</u> | <u>12.8</u> | <u>88.2</u> |
| Long-term debt | | | |
| Outstanding | 5.8 | 0.2 | 6.0 |
| Other liabilities | <u>2.4</u> | <u>0.4</u> | <u>2.8</u> |
| Total liabilities | <u>8.2</u> | <u>0.6</u> | <u>8.8</u> |
| Net assets: | | | |
| Invested in capital assets, | | | |
| Net of debt | 61.8 | 9.3 | 71.1 |
| Restricted | 0.6 | 0.1 | 0.7 |
| Unrestricted (deficit) | <u>4.8</u> | <u>2.8</u> | <u>7.6</u> |
| Total net assets | <u>\$ 67.2</u> | <u>\$ 12.2</u> | <u>\$ 79.4</u> |

Governmental Activities

As stated previously, the net assets of the City's governmental activities decreased by \$14,242,028.96 or 21.2%. Unrestricted net assets – the part of net assets that can be used to finance day –to –day operations without constraints established by debt covenants, enabling legislation, or other legal requirements-is recorded as a deficit of \$8,324,760.88. The primary reason for the decrease in the net assets of the city's governmental activities is due to the recording of a prior period adjustment to record the actuarially accrued liability of retiree health benefits in the amount of \$13,397,989. See note 21 – Post Employment Benefits on page 79 of the audit report for further information.

Table 2 was summarized from the government-wide Statement of Activities. This table summarizes the government-wide program revenues, other revenues, and expenses of the city.

Table 2
Changes in Net Assets
(In Millions)

| | Governmental Activities <u>2008</u> | Business-Type Activities <u>2008</u> | Total Primary Government <u>2008</u> |
|--------------------------------------|---|--|---|
| Revenues: | | | |
| Program revenues: | | | |
| Charges for Services | \$ 2.2 | \$ 4.3 | \$ 6.5 |
| Operating grants and contributions | 2.0 | 0.2 | 2.2 |
| General revenues: | | | |
| Property taxes | 3.1 | 0.0 | 3.1 |
| Income Tax | 2.4 | 0.0 | 2.4 |
| Other taxes | 0.0 | 0.0 | 0.0 |
| Other | <u>0.7</u> | <u>0.1</u> | <u>0.8</u> |
| Total Revenues | <u>10.4</u> | <u>4.6</u> | <u>15.0</u> |
| Expenses: | | | |
| General government | \$ 1.6 | \$ 0.0 | \$ 1.6 |
| Public safety | 3.4 | 0.0 | 3.4 |
| Public works | 0.6 | 0.0 | 0.6 |
| Community development and enrichment | 0.9 | 0.0 | 0.9 |
| Highway and streets | 2.5 | 0.0 | 2.5 |
| Culture and recreation | 2.0 | 0.0 | 2.0 |
| Other | 1.8 | 0.0 | 1.8 |
| Interest on long-term Debt | 0.2 | 0.0 | 0.2 |
| Water | 0.0 | 1.7 | 1.7 |
| Wastewater | 0.0 | 2.2 | 2.2 |
| Auto parking | <u>0.0</u> | <u>0.1</u> | <u>0.1</u> |
| Total Expenses | <u>13.0</u> | <u>4.0</u> | <u>17.0</u> |
| Increase in net assets | | | |
| Before transfers | (2.6) | 0.6 | (2.0) |
| Transfers | <u>0.3</u> | <u>(0.1)</u> | <u>0.2</u> |
| Increase in Net Assets | (2.3) | 0.5 | (1.8) |
| Net assets, July 1 | 67.2 | 12.1 | 79.3 |
| Prior period adjustment | <u>(13.4)</u> | <u>0.0</u> | <u>(13.4)</u> |
| Net assets, June 30 | <u>\$ 51.5</u> | <u>\$ 12.6</u> | \$ |

64.1

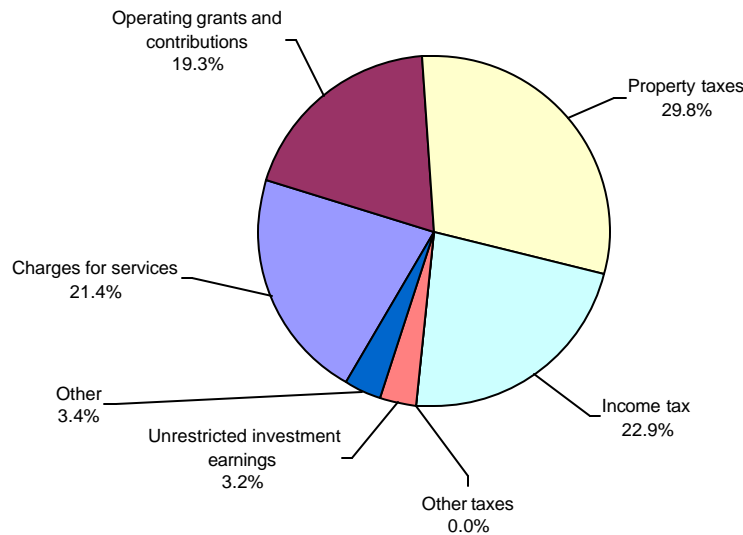
Table 2
Changes in Net Assets
(In Millions)

| | Governmental <u>Activities</u> <u>2007</u> | Business-Type <u>Activities</u> <u>2007</u> | Total Primary Government <u>2007</u> |
|--------------------------------------|--|---|---|
| Revenues: | | | |
| Program revenues: | | | |
| Charges for Services | \$ 2.2 | \$ 4.2 | \$ 6.4 |
| Operating grants and contributions | 1.8 | 0.2 | 2.0 |
| General revenues: | | | |
| Property taxes | 3.1 | 0.0 | 3.1 |
| Income Tax | 2.2 | 0.0 | 2.2 |
| Other taxes | 0.0 | 0.0 | 0.0 |
| Other | <u>1.3</u> | <u>0.7</u> | <u>2.0</u> |
| Total Revenues | <u>10.6</u> | <u>5.1</u> | <u>15.7</u> |
| Expenses: | | | |
| General government | 1.4 | 0.0 | 1.4 |
| Public safety | 1.6 | 0.0 | 1.6 |
| Public works | 1.4 | 0.0 | 1.4 |
| Community development and enrichment | 0.7 | 0.0 | 0.7 |
| Highway and streets | 1.8 | 0.0 | 1.8 |
| Culture and recreation | 2.3 | 0.0 | 2.3 |
| Other | 1.1 | 0.0 | 1.1 |
| Interest on long-term Debt | 0.2 | 0.0 | 0.2 |
| Water | 0.0 | 2.2 | 2.2 |
| Wastewater | 0.0 | 1.9 | 1.9 |
| Auto parking | <u>0.0</u> | <u>0.1</u> | <u>0.1</u> |
| Total Expenses | <u>10.5</u> | <u>4.2</u> | <u>14.7</u> |
| Increase in net assets | | | |
| Before transfers | 0.1 | 0.9 | 1.0 |
| Transfers | <u>(0.1)</u> | <u>0.1</u> | <u>0.0</u> |
| Increase in Net Assets | 0.0 | 1.0 | 1.0 |
| Net assets, July 1 | 67.2 | 11.2 | 78.4 |
| Prior period adjustment | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> |
| Net assets, June 30 | <u>\$ 67.2</u> | <u>\$ 12.2</u> | <u>\$ 79.4</u> |

The following charts illustrate the distribution of revenues by source and the program revenues compared with the expenses for the governmental activities.

FY 2007-2008

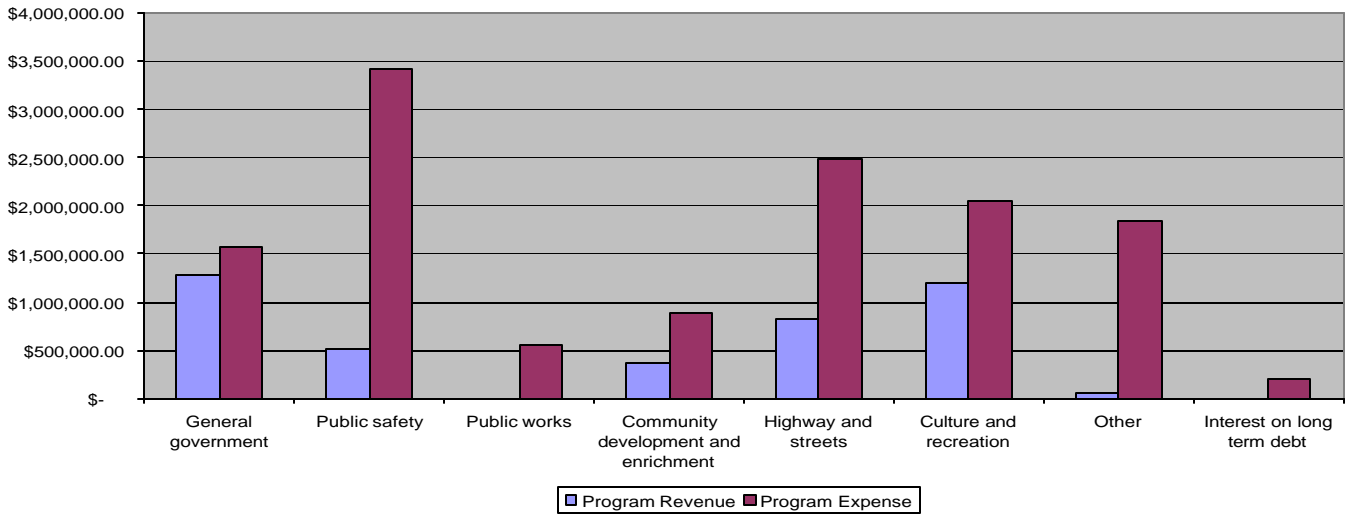
Revenues by Source - Governmental Activities



Total revenue from all sources totaled \$15.1 million of which 10.5 million was from governmental activities and 4.6 million was from business-type activities. In the prior year, total revenue from all sources totaled \$15.1 million of which 10.6 million was from governmental activities and 4.5 million was from business-type activities. This results in no change in total revenue from all sources. The governmental activities revenue decreased \$0.1 million or 1.5% while the business-type activities revenue increased \$0.1 million or 0.9%. The governmental activities received 29.8% or 3.1 million from property taxes. The millage rate of 9.8000 remained unchanged from the prior year. The city also received 22.9% or 2.4 million from income tax revenue. 21.4% of governmental activity was funded from charges for services. 19.3% of governmental activity was funded from operating grants and contributions. The remaining 6.6% of revenue is from unrestricted investment earnings, other taxes, and other revenue.

FY 2007-2008

Expenses and Program Revenues - Governmental Activities



The governmental activities of the city had an expense of \$13.0 million dollars for the past fiscal year. Due to utilizing full accrual on the government-wide statements, the expenditures for capital assets including infrastructure are not recorded as expenses in the current year but are capitalized on the Statement of Net Assets and are depreciated over the useful life of the asset. Only the current year depreciation would be included as an expense.

The \$11.6 million for governmental activities is funded from \$4.2 million in program revenues. The balance of this cost is funded from taxes and other revenues. The largest expenditures for governmental activities occur in public safety at \$3.4 million, highways and streets at \$2.5 million, culture and recreation at \$2.0 million, other at \$1.8 million, general government at \$1.6 million, community development and enrichment at \$0.9 million, and public works at \$0.6 million. The program revenues received as a percentage of the expense for these activities are 81% for general government, 15% for public safety, 42% for community development and enrichment, 33% for highways and streets, 59% for culture and recreation, and 11% for other.

Other governmental activity expenditures are interest on long-term debt, \$0.2 million.

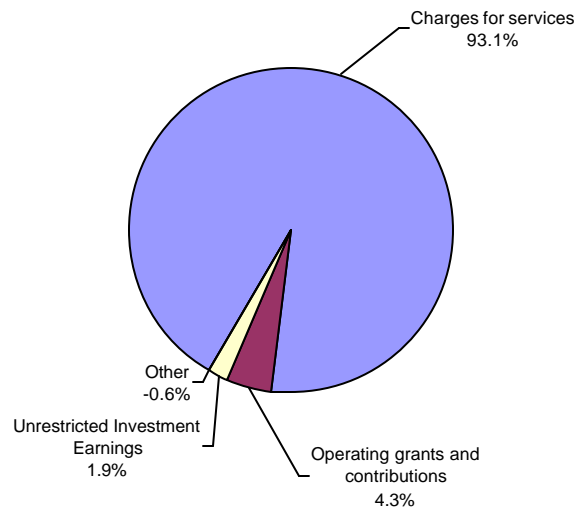
Business-type Activities

The net assets of the City's business-type activities increased from \$12,101,329 to \$12,548,866, an increase of \$447,537 or 3.4%. In the prior year, the net assets of the City's business-type activities increased from \$11,665,651 to \$12,101,329, an increase of \$435,678 or 3.7%.

The following charts illustrate the distribution of revenues by source and the program revenues compared with the expenses for the business-type activities.

FY 2007-2008

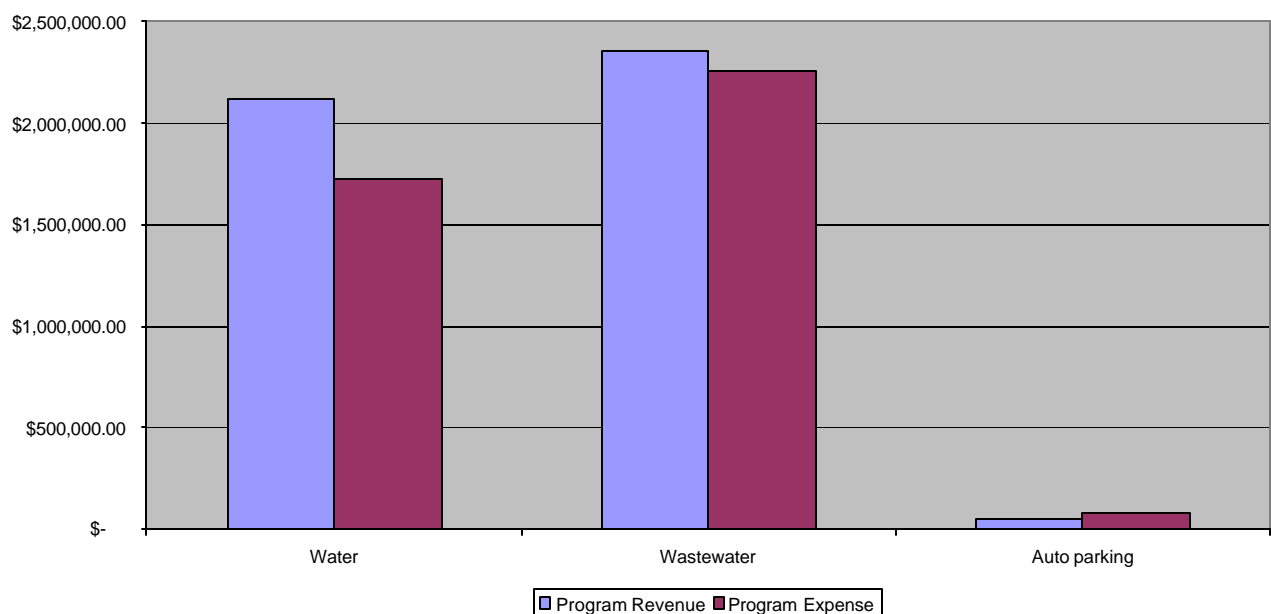
Revenues by Source - Business-type Activities



The largest source of revenue for the business-type activities is charges for services which represents 93.7% of the total revenue. The business-type activities include the water fund, wastewater fund, and auto parking fund. The total revenue received was \$4.6 million or 4.3 million from charges for services.

FY 2007-2008

Expense and Program Revenues - Business-type Activities



The city is a member of the Greater Lapeer County Utilities Authority (G.L.C.U.A.) which purchases its water from the Detroit Water System. The city's water fund received a 15.5% decrease in rates from the Detroit Water System effective July 1, 2007. The rate decreased from \$12.83 per 1,000 cubic feet to \$10.84 per 1,000 cubic feet. The water fund total operating expenses were \$1.7 million compared to \$2.1 million in program revenues. The purchase of water for this fiscal year was \$697,776 and represents 40% of the funds operating expenses.

The wastewater fund total operating expenses were \$2.3 million compared to \$2.3 million in program revenues.

THE CITY'S FUNDS

The General Fund revenue was \$7.5 million, an increase of \$299 thousand from the prior year. The expenditures were \$5.9 million compared to \$5.8 million the prior year, or an increase of \$178 thousand. The net transfers to other funds were \$1.6 million compared to \$2.0 million the prior year, or a decrease of \$375 thousand. The unreserved fund balance decreased from \$1,878,664.86 to \$1,799,379.96 or a decrease of \$79,284.90 or 4.2%. In the prior year, the unreserved fund balance increased from \$2,417,324.91 to \$1,878,664.86 or a decrease of \$538,660.05 or 22.3%.

The Major Street fund continued the work on the WalMart off site improvements which incurred expenditures amounting to \$58,087, Oregon Street Reconstruction project with expenditures amounting to \$62,991, John Conley Drive Extension with expenditures amounting to \$190,115, Demille/Harrison Intersection Improvement with expenditures amounting to \$35,664, and Demille Road Traffic Signal with expenditures amounting to \$52,968. This fund receives revenues from grants, donations, and transfers from bond construction funds which vary greatly from year to year. In the current year the total revenues were \$0.7 million, the expenditures were \$1.0 million, and the net transfers in were \$423 thousand. The fund balance increased from \$427,377 to \$519,829 or an increase of \$92,452 or 21.6%. In the prior year, the fund balance increased from \$240,900 to \$427,377 or an increase of \$186,477 or 77.4%.

The Local Street Fund completed the work on Adams Street Improvements with expenditures amounting to \$3,729, Liberty Street Reconstruction with expenditures amounting to \$12,602, Park Street Improvements with expenditures amounting to \$656, and Fair Street Improvements with expenditures amounting to \$74,198. Other projects that were started or continued were State Street with expenditures amounting to \$38,742, Jackson Street with expenditures amounting to \$87,475, and Horton Street with expenditures amounting to \$1,213. In the current year the total revenues were \$0.2 million, the expenditures were \$0.6 million, and the net transfers in were \$0.2 million. The fund balance decreased from \$324,763 to \$180,931 or a decrease of \$143,832 or 44.3%. In the prior year, the fund balance decreased from \$405,370 to \$324,763 or a decrease of \$80,607 or 19.9%.

The Park Fund completed work on the Optimist Soccer fields with expenditures amounting to \$3,719 and Outdoor Spray Park with expenditures amounting to \$3,850. Other projects that were started or continued were the Linear Path Extension with expenditures amounting to \$37,687, Cramton Park Improvements with expenditures amounting to \$37,666, and Access to Recreation Grant with expenditures amounting to \$3,379. In the current year the revenues decreased from \$1.6 million to \$1.3 million, a decrease of \$301,767, or 18.5% from the prior year. In the prior year the revenues decreased from \$1.9 million to \$1.6, a decrease of \$308,518 or 15.9%. The expenditures decreased from \$2.4 million to \$2.0 million, a decrease of \$398,432 or 16.8%. In the prior year the expenditures decreased from \$2.6 million to \$2.4 million, an decrease of \$229,703 or 8.9%. The net transfers decreased from \$678 thousand to \$529 thousand a decrease of \$149,440 or 22.0%. In the prior year, the net transfers amounted to \$678 thousand which was a decrease of \$38,952 from the prior year. The fund balance decreased from \$415 thousand to \$304 thousand or a decrease of \$111 thousand. In the prior year, the fund balance decreased from \$473 thousand to \$415 thousand or a decrease of \$58 thousand.

General Fund Budgetary Highlights

The difference between the original budget and the amended budget was an increase of \$93,924 or 1.1%, which is summarized as follows:

- \$32,280 increase to provide funding for additional contribution for Retiree Health Insurance.
- \$28,500 increase to provide funding for the Site Plan Review Fund.
- \$27,188 increase to provide funding for a part time employee for the Section 8 program.
- \$3,356 increase to the Fire Department Budget for donations received for Fire Prevention.
- \$2,600 increase to provide funding for wages for the August Library Election.

Of the increases in the budget, the \$27,188 for funding the part time worker for the Section 8 program is funded from an increase in the MSHDA Section 8 Admin Fees and the \$2,600 for funding the additional wages for the Library Election is funded from an increase in the Reimbursement-Election Expense revenue account.

The \$32,280 for funding the additional contribution for retiree health insurance, the \$28,500 for funding the Transfer to the Site Plan Review Fund, and the \$3,356 for funding the Fire Prevention are all funded from the utilization of additional fund balance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Lapeer's investment in capital assets for its governmental and business type activities as of June 30, 2008, amounts to \$76,684,639 (net of accumulated depreciation). This is an increase of \$429,375 over the prior year amount of \$77,114,014. This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total decrease in the City of Lapeer's investment in capital assets for the current fiscal year was 0.6 percent (a 2.1 percent decrease for governmental activities and a 10.3 percent decrease for business-type activities).

Major capital asset events during the current fiscal year included the following:

- Various Major Street Fund Projects continued this fiscal year and included WalMart off site improvements (\$58,087), Oregon Street Reconstruction (\$62,991), John Conley Drive Extension (\$190,115), Demille/Harrison Intersection Improvement (\$35,664), and Demille Road Traffic Signal (\$52,968).
- Various Local Street Fund Projects were completed this fiscal year and included Adams Street Reconstruction Project (\$3,729), Liberty Street Reconstruction Project (\$12,602), Park Street Reconstruction Project (\$656), and Fair Street Reconstruction Project (\$74,198). Other projects that were started or continued were State Street (\$38,742), Jackson Street (\$87,475), and Horton Street (\$1,213).
- Various Park Fund projects were completed this fiscal year and included the Optimist Soccer Fields (\$3,719) and the Outdoor Spray Park (\$3,850). Other projects that were started or continued were Linear Path Extension (\$37,687), Cramton Park Improvement (\$37,666), and Access to Recreation Grant (\$3,379).

- Various water main projects were completed this fiscal year and included the Liberty Street watermain (\$1,344), Suncrest Drive watermain (\$420), Park Street watermain (\$336) and Fair Street Watermain (\$8,396). Other projects that were started or continued included State Street Watermain (\$18,172), Jackson Street Watermain (\$41,858), Horton Street Watermain (\$606), Oregon Street Watermain (\$105,664), and I-69/M-24 Corridor Utility (\$297,890).
- Various sewer projects were completed and included Park Street sewer (\$3,474) and Fair Street Sewer (\$840). Other projects that were started or continued included the 01 Lift Station upgrade (\$130,135), Wastewater System Improvements (\$205,212), State Street Sewer (\$15,804), Jackson Street Sewer (\$22,976), Horton Street Sewer (\$1,109), Oregon Street Sewer (\$68,853), I-69/M-24 Corridor Utility (\$225,976), and 18" Sanitary Sewer Main Lining (\$210,050).
- Equipment purchases included Police Vehicles (\$50,822), Service Truck (\$46,607), Fire Inspector Vehicle (\$27,213), City Manager Vehicle (\$34,911), Kubota Tractor (\$18,489), V-Box Salt Spreader (\$15,329), and 60" Hydrostatic mower (\$11,907).

Debt

At year-end, the City of Lapeer's (excluding component units) total bonded debt outstanding was at \$6.6 million versus \$5.9 million last year – an increase of \$623,585 or 10.5% - as shown in Table 3.

Table 3
Outstanding Debt at Year-End
(In Millions)

| | Governmental Activities | | Business-type Activities | | Totals | |
|---|----------------------------|---------------|-----------------------------|---------------|---------------|---------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| General obligation bonds (backed by the City) | \$ 5.6 | \$ 4.8 | \$ 0.0 | \$ 0.0 | \$ 5.6 | \$ 4.8 |
| Special assessment bonds (with city commitment) | 0.8 | 0.9 | 0.0 | 0.0 | 0.8 | 0.9 |
| Revenue bonds and notes (backed by specific tax and fee revenues) | | <u>0.0</u> | | <u>0.2</u> | | <u>0.2</u> |
| Totals | <u>\$ 6.4</u> | <u>\$ 5.7</u> | <u>\$ 0.2</u> | <u>\$ 0.2</u> | <u>\$ 6.6</u> | <u>\$ 5.9</u> |

The 1998 Special Assessment bond originally issued in the amount of \$1,780,000 was paid in full on September 1, 2007. The 1998 General Obligation bond originally issued in the amount of \$1,000,000 was paid in full on September 1, 2007. The 1998 Series B Special Assessment bond originally issued in the amount of \$134,000 was paid in full on February 1, 2008. The 1998 Series B General Obligation bond was paid in full on February 1, 2008. Additionally, the city issued 2007 General Obligation bonds in the amount of \$110,000 and 2007 Special Assessment bonds in the amount of \$175,000 for various street projects and entered into an Installment Purchase Contract with Energy Systems Group, LLC in the amount of \$1,404,455.

Regarding the component unit's debt, the Tax Increment Finance Authority has the 1998 Tax Increment Financing Revenue Refunding Bond with the outstanding balance of \$1,805,000. The balance at the beginning of the fiscal year was \$2,270,000 which results in debt reduction of \$465,000 or 20.5%. On the financial statements this is shown net of the unamortized discount of \$22,920. The Downtown Development Authority has agreed to pay a portion of the 2002 General Obligation Bond which was issued for the Downtown Improvement Project. Their share of this debt at the end of the fiscal year is \$96,610. The balance at the beginning of the fiscal year was \$116,949 which results in debt reduction of \$20,339 or 17.4%.

The City's general obligation bond rating continues to carry a Baa from Moody's Investor Services since 1993 while Standard & Poor's has upgraded the city's rating from a BBB+ to an A-. The City's other debt – principally, revenue bonds – carries a BBB- rating. The State limits the amount of general obligation debt that cities can issue to 10 percent of State Equalized Value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt is significantly below this \$35.6 million state-imposed limit.

Other obligations include accrued vacation and sick leave in the amount of \$623,720.22. More detailed information about the City's long-term liabilities is presented in Note 9 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The Unemployment rate for the County of Lapeer is at 10.2 per cent which is an increase of 1.9 percent from the prior year unemployment rate of 8.3 per cent.
- Inflationary trends in the region compare favorably to national indices.

These factors were considered in preparing the City of Lapeer's budget for Fiscal Year 2008-2009.

During the current fiscal year, the unreserved fund balance decreased from \$1,878,665 to \$1,799,380, a decrease of \$79,285 or 4.2%. In the prior year, the unreserved fund balance increased from \$2,417,325 to \$1,878,665, a decrease of \$538,660 or 22.3%. The current year unreserved fund balance of \$1,799,380 is \$403,804 higher than the \$1,395,576 which was projected during the Fiscal Year 2008-2009 budget review. The City of Lapeer is anticipating utilizing \$657,407 of fund balance for the 2008-2009 fiscal year.

As part of the Fiscal Year 2008-2009 budget the City of Lapeer will return to the General Fund contributed capital from the Wastewater Fund (\$300,000). Additionally, the city maintained the millage rate of 9.8000 which is the same as the prior year millage rate. 1 mill of this millage rate is allocated 50% to the Local Street Fund and 50% to the Capital Improvement Fund.

Requests for Information

This financial report is designed to provide a general overview of the City of Lapeer's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Lapeer, Director of Financial Services, 576 Liberty Park, Lapeer, MI 48446.

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GENERAL PURPOSE FINANCIAL STATEMENTS

General purpose financial statements provide a summary overview of the financial position of all funds and account groups and of the operating results of all funds. They also serve as an introduction to the more detailed statements and schedules that follow.

CITY OF LAPEER, MICHIGAN

STATEMENT OF NET ASSETS

JUNE 30, 2008

| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL | COMPONENT UNITS |
|---|-----------------------------|-----------------------------|-----------------------------|----------------------------|
| ASSETS | | | | |
| Cash | \$ 3,238,309.98 | \$ 332,038.77 | \$ 3,570,348.75 | \$ 2,807,221.46 |
| Investments | 1,900,000.00 | 300,000.00 | 2,200,000.00 | |
| Receivables | | | | |
| Notes | | | | 273,156.06 |
| Taxes | 32,129.52 | | 32,129.52 | |
| Accounts | 173,961.83 | 412,036.24 | 585,998.07 | |
| Special assessments | 463,054.35 | | 463,054.35 | |
| Deposits | | 38,882.63 | 38,882.63 | |
| Prepaid expenses | 222,565.12 | 65,945.42 | 288,510.54 | 20.00 |
| Due from | | | | |
| Other funds | 221,724.48 | 227,954.34 | 449,678.82 | 7,125.99 |
| State | 225,817.98 | | 225,817.98 | |
| Other governmental units | 13,790.97 | | 13,790.97 | |
| Inventory | 40,776.96 | 78,991.87 | 119,768.83 | |
| Restricted assets | | | | |
| Cash and investments | | 1,055,328.72 | 1,055,328.72 | 299,630.15 |
| Bond discount | | 2,724.27 | 2,724.27 | |
| Fixed assets (net of accumulated depreciation) | <u>66,229,974.47</u> | <u>10,454,664.96</u> | <u>76,684,639.43</u> | <u>4,933,489.90</u> |
| TOTAL ASSETS | <u>\$ 72,762,105.66</u> | <u>\$ 12,968,567.22</u> | <u>\$ 85,730,672.88</u> | <u>\$ 8,320,643.56</u> |

See accompanying notes to financial statements.

| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL | COMPONENT UNITS |
|--|-----------------------------|-----------------------------|-----------------------------|----------------------------|
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Payables | | | | |
| Accounts | \$ 383,259.12 | \$ 204,754.26 | \$ 588,013.38 | \$ 844.43 |
| Payroll and payroll taxes | 136,215.98 | 25,547.32 | 161,763.30 | 87.20 |
| Due to | | | | |
| State | 4,448.15 | | 4,448.15 | |
| Other units | 19,922.83 | | 19,922.83 | |
| Other funds | 230,310.02 | | 230,310.02 | 150,016.28 |
| Accrued interest | 48,601.30 | | 48,601.30 | 9,554.28 |
| Deposits payable | 78,280.75 | 4,400.00 | 82,680.75 | 8,025.00 |
| Bonds and notes payable | 914,445.15 | 40,000.00 | 954,445.15 | 460,338.98 |
| Noncurrent liabilities | | | | |
| Bonds and notes payable | 5,474,896.99 | 145,000.00 | 5,619,896.99 | 1,418,351.19 |
| Unfunded retiree health insurance | 13,332,133.70 | | 13,332,133.70 | |
| Accrued sick and vacation pay | 623,720.22 | | 623,720.22 | |
| TOTAL LIABILITIES | <u>21,246,234.21</u> | <u>419,701.58</u> | <u>21,665,935.79</u> | <u>2,047,217.36</u> |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 61,245,087.33 | 10,269,664.96 | 71,514,752.29 | 3,054,799.73 |
| Restricted for | | | | |
| Prepaid expenses | | 65,945.42 | 65,945.42 | |
| Operation and maintenance | | 161,018.45 | 161,018.45 | |
| Bond and interest redemption | | 27,556.25 | 27,556.25 | |
| Replacement | | 1,002,772.47 | 1,002,772.47 | |
| Improvements | | 25,000.00 | 25,000.00 | |
| Inventory | | 78,991.87 | 78,991.87 | |
| Unrestricted | (9,729,215.88) | 917,916.22 | (8,811,299.66) | 3,218,626.47 |
| TOTAL NET ASSETS | <u>51,515,871.45</u> | <u>12,548,865.64</u> | <u>64,064,737.09</u> | <u>6,273,426.20</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 72,762,105.66</u> | <u>\$ 12,968,567.22</u> | <u>\$ 85,730,672.88</u> | <u>\$ 8,320,643.56</u> |

CITY OF LAPEER, MICHIGAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

| FUNCTIONS/PROGRAMS | EXPENSES | PROGRAM REVENUES | |
|--|-------------------------|----------------------------|--|
| | | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS |
| Primary Government | | | |
| Governmental Activities | | | |
| General government | \$ 1,572,467.93 | \$ 488,648.54 | \$ 784,522.00 |
| Public safety | 3,414,836.29 | 433,521.77 | 88,143.69 |
| Public works | 559,631.00 | | |
| Community development and enrichment | 884,747.88 | 63,921.11 | 309,852.00 |
| Highways and streets | 2,485,068.95 | | 829,827.29 |
| Culture and recreation | 2,042,148.54 | 1,194,512.44 | 3,379.00 |
| Other | 1,831,814.22 | 48,901.67 | |
| Interest on long-term debt | 205,861.86 | | |
| Total Governmental Activities | <u>12,996,576.67</u> | <u>2,229,505.53</u> | <u>2,015,723.98</u> |
| Business-Type Activities | | | |
| Water | 1,724,747.91 | 2,114,539.28 | |
| Wastewater | 2,259,678.03 | 2,154,210.70 | 197,016.15 |
| Auto parking | 79,634.89 | 50,250.88 | |
| Total Business-Type Activities | <u>4,064,060.83</u> | <u>4,319,000.86</u> | <u>197,016.15</u> |
| Total Primary Government | <u>\$ 17,060,637.50</u> | <u>\$ 6,548,506.39</u> | <u>\$ 2,212,740.13</u> |
| Component Units | | | |
| Tax Increment Finance Authority | \$ 472,714.56 | \$ 66,972.00 | \$ |
| Brownfield Redevelopment | 3,300.00 | | |
| Downtown Development Authority | 115,874.37 | | |
| Local Development Finance Authority | 116,771.30 | | |
| Economic Development Corporation | 1,500.00 | | |
| Total Component Units | <u>\$ 710,160.23</u> | <u>\$ 66,972.00</u> | <u>\$</u> |
| General Revenues | | | |
| Property taxes levied for general purposes | | | |
| Miscellaneous | | | |
| Unrestricted investment earnings | | | |
| Transfers | | | |
| Total General Revenues and Transfers | | | |
| Change in Net Assets | | | |
| Prior period adjustment | | | |
| Net Assets, July 1 | | | |
| Net Assets, June 30 | | | |

See accompanying notes to financial statements.

| PROGRAM REVENUES CAPITAL GRANTS AND CONTRIBUTIONS | NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS | | | |
|---|--|--------------------------------|------------------|--------------------|
| | PRIMARY GOVERNMENT | | | COMPONENT UNITS |
| | GOVERNMENTAL ACTIVITIES | BUSINESS TYPE ACTIVITIES | TOTAL | |
| \$ | \$ (299,297.39) | \$ | \$ (299,297.39) | \$ |
| | (2,893,170.83) | | (2,893,170.83) | |
| | (559,631.00) | | (559,631.00) | |
| | (510,974.77) | | (510,974.77) | |
| | (1,655,241.66) | | (1,655,241.66) | |
| | (844,257.10) | | (844,257.10) | |
| | (1,782,912.55) | | (1,782,912.55) | |
| | (205,861.86) | | (205,861.86) | |
| | (8,751,347.16) | | (8,751,347.16) | |
| | | 389,791.37 | 389,791.37 | |
| | | 91,548.82 | 91,548.82 | |
| | | (29,384.01) | (29,384.01) | |
| | | 451,956.18 | 451,956.18 | |
| \$ | (8,751,347.16) | 451,956.18 | (8,299,390.98) | |
| \$ | | | | (405,742.56) |
| | | | | (3,300.00) |
| | | | | (115,874.37) |
| | | | | (116,771.30) |
| | | | | (1,500.00) |
| \$ | | | | (643,188.23) |
| | 5,503,892.04 | | 5,503,892.04 | 1,053,956.73 |
| | 354,728.92 | 4,971.94 | 359,700.86 | 40,287.69 |
| | 336,513.36 | 86,748.59 | 423,261.95 | 106,540.65 |
| | 307,717.88 | (164,948.79) | 142,769.09 | (122,430.11) |
| | 6,502,852.20 | (73,228.26) | 6,429,623.94 | 1,078,354.96 |
| | (2,248,494.96) | 378,727.92 | (1,869,767.04) | 435,166.73 |
| | (13,397,989.00) | | (13,397,989.00) | (9,051.00) |
| | 67,162,355.41 | 12,170,137.72 | 79,332,493.13 | 5,847,310.47 |
| \$ | \$ 51,515,871.45 | \$ 12,548,865.64 | \$ 64,064,737.09 | \$ 6,273,426.20 |

CITY OF LAPEER, MICHIGAN

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2008

ASSETS

| | GENERAL | PARKS AND RECREATION | 2006 SPECIAL ASSESSMENT BONDS |
|--------------------------|-------------------------------|-----------------------------|--|
| ASSETS | | | |
| Cash | \$ 918,784.44 | \$ 317,039.83 | \$ 41,033.51 |
| Investments | 1,000,000.00 | | |
| Receivables | | | |
| Taxes | 32,129.52 | | |
| Accounts | 55,300.88 | 61,066.51 | |
| Special assessments | | | 179,884.54 |
| Due from | | | |
| Other funds | 61,738.60 | 47,697.41 | 12,801.04 |
| State | 109,499.54 | | |
| Other governmental units | 13,790.97 | | |
| Inventory | 15,635.21 | | |
| Prepaid expenses | <u>135,443.46</u> | <u>19,980.50</u> | <u>4,641.25</u> |
| TOTAL ASSETS | \$ <u><u>2,342,322.62</u></u> | \$ <u><u>445,784.25</u></u> | \$ <u><u>238,360.34</u></u> |

LIABILITIES AND FUND EQUITY

LIABILITIES

| | | | |
|---|-------------------------------|-----------------------------|-----------------------------|
| Payables | | | |
| Accounts | \$ 127,569.52 | \$ 117,667.75 | \$ |
| Payroll and payroll taxes | 99,215.87 | 24,003.16 | |
| Due to | | | |
| State | 4,448.15 | | |
| Other units | 19,922.83 | | |
| Other funds | 7,125.99 | | |
| Deferred revenue | | | 179,884.54 |
| Deposits payable | <u>78,280.75</u> | | |
| TOTAL LIABILITIES | <u>336,563.11</u> | <u>141,670.91</u> | <u>179,884.54</u> |
| FUND BALANCE | | | |
| Reserved for receivables | 55,300.88 | | |
| Reserved for cemetery perpetual care | | | |
| Reserved for prepaid expenses | 135,443.46 | | |
| Reserved for inventory | 15,635.21 | | |
| Reserved for debt service | | | 58,475.80 |
| Unreserved, reported in | | | |
| General fund | 1,799,379.96 | | |
| Special revenue funds | | 304,113.34 | |
| Permanent fund | | | |
| Capital projects funds | | | |
| TOTAL FUND BALANCE | <u>2,005,759.51</u> | <u>304,113.34</u> | <u>58,475.80</u> |
| TOTAL LIABILITIES AND FUND BALANCE | \$ <u><u>2,342,322.62</u></u> | \$ <u><u>445,784.25</u></u> | \$ <u><u>238,360.34</u></u> |

See accompanying notes to financial statements.

| 2007 SPECIAL ASSESSMENT BONDS | LAND ACQUISITION | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--|-----------------------------|--------------------------------|---------------------------------|
| \$ 59,078.90 | \$ 262,215.50 300,000.00 | \$ 1,270,900.05 300,000.00 | \$ 2,869,052.23 1,600,000.00 |
| | | | 32,129.52 |
| 126,088.82 | | 57,594.44 157,080.99 | 173,961.83 463,054.35 |
| 2,685.90 | 50,795.62 | 46,005.91 116,318.44 | 221,724.48 225,817.98 |
| | | | 13,790.97 |
| | | | 15,635.21 |
| | | 18,846.97 | 178,912.18 |
| <u>\$ 187,853.62</u> | <u>\$ 613,011.12</u> | <u>\$ 1,966,746.80</u> | <u>\$ 5,794,078.75</u> |
| | | | |
| \$ | \$ | \$ 112,217.90 10,020.14 | \$ 357,455.17 133,239.17 |
| | | | 4,448.15 |
| | | | 19,922.83 |
| 126,088.82 | | 3,943.00 170,830.99 | 11,068.99 476,804.35 |
| | | | 78,280.75 |
| <u>126,088.82</u> | | <u>297,012.03</u> | <u>1,081,219.41</u> |
| | | | |
| | | 74,069.27 | 55,300.88 74,069.27 |
| | | | 135,443.46 |
| 61,764.80 | | 460,109.17 | 15,635.21 580,349.77 |
| | | | 1,799,379.96 |
| | | 860,963.03 | 1,165,076.37 |
| | | 340.99 | 340.99 |
| | 613,011.12 | 274,252.31 | 887,263.43 |
| <u>61,764.80</u> | <u>613,011.12</u> | <u>1,669,734.77</u> | <u>4,712,859.34</u> |
| <u>\$ 187,853.62</u> | <u>\$ 613,011.12</u> | <u>\$ 1,966,746.80</u> | <u>\$ 5,794,078.75</u> |

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CITY OF LAPEER, MICHIGAN

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE

STATEMENT OF NET ASSETS

JUNE 30, 2008

| | | | |
|--|----|-------------------|-----------------------------|
| Total fund balances - governmental funds | | \$ | 4,712,859.34 |
| Amounts reported for governmental activities in the statement of net assets are different because: | | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$74,175,502.33 and the accumulated depreciation is \$8,878,847.31 | | | 65,296,655.02 |
| An internal service fund is used by the City's management to charge the costs of vehicle use to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities | | | 1,235,594.75 |
| Retiree health insurance earned by eligible employees is not payable in the current period and therefore is not reported in the funds. However, these amounts are included in the statement of net assets | | | (13,332,133.70) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds | | | |
| Long-term liabilities at year-end consist of: | | | |
| Bonds payable | \$ | 4,018,389.83 | |
| Accrued interest | | 48,601.30 | |
| Contracts payable | | 2,183,196.96 | |
| Compensated absences | | <u>623,720.22</u> | (6,873,908.31) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds | | | <u>476,804.35</u> |
| TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES | | \$ | <u><u>51,515,871.45</u></u> |

See accompanying notes to financial statements.

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

| | GENERAL | PARKS AND RECREATION | 2006 SPECIAL ASSESSMENT BONDS |
|---|-------------------------------|-----------------------------|--|
| REVENUES | | | |
| Taxes and special assessments | \$ 5,285,723.34 | \$ | \$ 46,958.37 |
| Licenses and permits | 8,262.00 | | |
| Intergovernmental | 972,355.49 | 3,379.00 | |
| Charges for services | 855,196.77 | 1,194,512.44 | |
| Fines and forfeits | 67,973.54 | | |
| Interest and rentals | 135,902.51 | 56,271.58 | 1,898.71 |
| Other revenues | <u>142,831.79</u> | <u>73,088.31</u> | |
| TOTAL REVENUES | <u>7,468,245.44</u> | <u>1,327,251.33</u> | <u>48,857.08</u> |
| EXPENDITURES | | | |
| General government | 1,532,897.49 | | |
| Public safety | 3,028,674.63 | | |
| Public works | 824,568.74 | | |
| Culture and recreation | | 1,966,979.07 | |
| Community development and enrichment | 490,908.18 | | |
| Debt service | | | |
| Principal retirement | | | 25,000.00 |
| Interest and fiscal charges | | | 10,495.00 |
| Other | 64,341.77 | | |
| Highways and streets | | | |
| Capital outlay | | | |
| TOTAL EXPENDITURES | <u>5,941,390.81</u> | <u>1,966,979.07</u> | <u>35,495.00</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>1,526,854.63</u> | <u>(639,727.74)</u> | <u>13,362.08</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Proceeds of bond issues and loans | | | |
| Operating transfers in | 698,289.13 | 528,875.61 | |
| Operating transfers out | <u>(2,282,422.54)</u> | | |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(1,584,133.41)</u> | <u>528,875.61</u> | |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | <u>(57,278.78)</u> | <u>(110,852.13)</u> | <u>13,362.08</u> |
| FUND BALANCE, JULY 1 | <u>2,063,038.29</u> | <u>414,965.47</u> | <u>45,113.72</u> |
| FUND BALANCE, JUNE 30 | \$ <u><u>2,005,759.51</u></u> | \$ <u><u>304,113.34</u></u> | \$ <u><u>58,475.80</u></u> |

See accompanying notes to financial statements.

| 2007 SPECIAL ASSESSMENT BONDS | LAND ACQUISITION | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--|----------------------|--------------------------------|--------------------------------|
| \$ 34,307.34 | \$ | \$ 221,755.01 | \$ 5,588,744.06 |
| | | | 8,262.00 |
| | | 1,039,989.49 | 2,015,723.98 |
| | | 104,560.78 | 2,154,269.99 |
| | | | 67,973.54 |
| 1,024.59 | 25,065.82 | 116,350.15 | 336,513.36 |
| | | 137,838.82 | 353,758.92 |
| <u>35,331.93</u> | <u>25,065.82</u> | <u>1,620,494.25</u> | <u>10,525,245.85</u> |
| | | | 1,532,897.49 |
| | | 7,248.89 | 3,035,923.52 |
| | | | 824,568.74 |
| | | | 1,966,979.07 |
| | | 490,005.38 | 980,913.56 |
| | | 1,107,997.67 | 1,132,997.67 |
| 4,357.29 | | 212,954.45 | 227,806.74 |
| | 18,036.75 | 306,401.45 | 388,779.97 |
| | | 1,580,243.04 | 1,580,243.04 |
| | 13,579.25 | 25,000.00 | 38,579.25 |
| <u>4,357.29</u> | <u>31,616.00</u> | <u>3,729,850.88</u> | <u>11,709,689.05</u> |
| <u>30,974.64</u> | <u>(6,550.18)</u> | <u>(2,109,356.63)</u> | <u>(1,184,443.20)</u> |
| | | 285,000.00 | 285,000.00 |
| 30,790.16 | 7,047.93 | 2,456,899.41 | 3,721,902.24 |
| | (62,000.00) | (1,013,135.58) | (3,357,558.12) |
| <u>30,790.16</u> | <u>(54,952.07)</u> | <u>1,728,763.83</u> | <u>649,344.12</u> |
| | | | |
| 61,764.80 | (61,502.25) | (380,592.80) | (535,099.08) |
| | 674,513.37 | 2,050,327.57 | 5,247,958.42 |
| <u>\$ 61,764.80</u> | <u>\$ 613,011.12</u> | <u>\$ 1,669,734.77</u> | <u>\$ 4,712,859.34</u> |

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CITY OF LAPEER, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

| | |
|--|--------------------------|
| Net changes in fund balances - total governmental funds | \$ (535,099.08) |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures. | |
| However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives. | |
| Expenditures for capital assets | 990,124.59 |
| Less: current year depreciation | (2,364,566.28) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | (84,882.02) |
| Governmental funds report deposits into a trust fund as expense. | |
| However, in the statement of activities, the deposit and related income is recorded as a decrease in the retiree health insurance liability. | |
| | 65,855.30 |
| Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments. | |
| Bond and loan proceeds | (285,000.00) |
| Installment purchase agreement | (1,404,455.00) |
| Accrued interest | (21,944.88) |
| Principal payments | 1,132,997.67 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | |
| Change in long-term compensated absences | (8,464.87) |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. | |
| The net (expense) of the internal service funds is reported with governmental activities. | |
| | <u>266,939.61</u> |
| CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES | <u>\$ (2,248,494.96)</u> |

See accompanying notes to financial statements.

CITY OF LAPEER, MICHIGAN
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

| | BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS | |
|-----------------------------------|--|--------------------------------------|
| | AUTO PARKING | WASTE WATER TREATMENT PLANT |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 46,037.81 | \$ 161,018.45 |
| Investments | | |
| Accounts receivable | | 228,132.00 |
| Deposits | | 900.00 |
| Bond discount | | 2,724.27 |
| Inventory | | |
| Due from other funds | 1,082.28 | 203,635.60 |
| Prepaid expenses | 25.00 | 51,792.69 |
| TOTAL CURRENT ASSETS | <u>47,145.09</u> | <u>648,203.01</u> |
| RESTRICTED ASSETS | | |
| Cash and investments | | <u>1,055,328.72</u> |
| PROPERTY, PLANT AND EQUIPMENT | | |
| Construction in progress | | 1,336,831.34 |
| Land and improvements | 844,695.20 | 436,664.67 |
| Buildings and structures | | 11,900,212.42 |
| Utility mains | | |
| Infrastructure | | 1,057,331.54 |
| Vehicles and equipment | | <u>1,189,533.27</u> |
| | 844,695.20 | 15,920,573.24 |
| Less: accumulated depreciation | <u>480,842.27</u> | <u>8,567,084.72</u> |
| NET PROPERTY, PLANT AND EQUIPMENT | <u>363,852.93</u> | <u>7,353,488.52</u> |
| TOTAL ASSETS | <u>\$ 410,998.02</u> | <u>\$ 9,057,020.25</u> |

See accompanying notes to financial statements.

| BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS | | | GOVERNMENTAL ACTIVITIES | |
|--|-------------------------|-------------------------|----------------------------|------------------------|
| WATER SUPPLY | TOTAL | | INTERNAL SERVICE FUNDS | |
| | 2008 | 2007 | 2008 | 2007 |
| \$ 124,982.51 | \$ 332,038.77 | \$ 390,915.64 | \$ 369,257.75 | \$ 553,106.23 |
| 300,000.00 | 300,000.00 | 346,500.00 | 300,000.00 | |
| 183,904.24 | 412,036.24 | 457,676.89 | | 2,492.50 |
| 37,982.63 | 38,882.63 | 39,335.65 | | |
| | 2,724.27 | 3,444.27 | | |
| 78,991.87 | 78,991.87 | 89,189.69 | 25,141.75 | 31,284.40 |
| 23,236.46 | 227,954.34 | 519,944.13 | | |
| 14,127.73 | 65,945.42 | 22,522.68 | 43,652.94 | 3,208.08 |
| <u>763,225.44</u> | <u>1,458,573.54</u> | <u>1,869,528.95</u> | <u>738,052.44</u> | <u>590,091.21</u> |
| | <u>1,055,328.72</u> | <u>1,470,551.75</u> | | |
| 492,674.60 | 1,829,505.94 | 874,363.47 | | |
| 67,649.81 | 1,349,009.68 | 1,349,009.68 | 22,328.64 | 22,328.64 |
| 221,739.50 | 12,121,951.92 | 12,121,951.92 | | |
| 5,832,641.02 | 5,832,641.02 | 5,531,075.18 | | |
| | 1,057,331.54 | 967,102.59 | | |
| 159,187.32 | 1,348,720.59 | 1,318,438.71 | 2,631,954.72 | 2,433,785.63 |
| 6,773,892.25 | 23,539,160.69 | 22,161,941.55 | 2,654,283.36 | 2,456,114.27 |
| 4,036,568.74 | 13,084,495.73 | 12,684,235.10 | 1,720,963.91 | 1,505,121.02 |
| <u>2,737,323.51</u> | <u>10,454,664.96</u> | <u>9,477,706.45</u> | <u>933,319.45</u> | <u>950,993.25</u> |
| | | | | |
| \$ <u>3,500,548.95</u> | \$ <u>12,968,567.22</u> | \$ <u>12,817,787.15</u> | \$ <u>1,671,371.89</u> | \$ <u>1,541,084.46</u> |

CITY OF LAPEER, MICHIGAN
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS - Concluded
JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

| | BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS | |
|---|--|--------------------------------------|
| | AUTO PARKING | WASTE WATER TREATMENT PLANT |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 934.52 | \$ 120,379.43 |
| Due to other funds | | |
| Accrued payroll and related items | 267.80 | 17,076.43 |
| Performance bonds payable | | |
| Notes payable | | |
| Bonds payable | | 40,000.00 |
| TOTAL CURRENT LIABILITIES | <u>1,202.32</u> | <u>177,455.86</u> |
| LONG-TERM LIABILITIES | | |
| Notes payable | | |
| Bonds payable | | 145,000.00 |
| TOTAL LONG-TERM LIABILITIES | | <u>145,000.00</u> |
| TOTAL LIABILITIES | <u>1,202.32</u> | <u>322,455.86</u> |
| NET ASSETS AND CONTRIBUTED CAPITAL | | |
| CONTRIBUTED CAPITAL | | |
| Municipality | 329,999.93 | 2,199,999.84 |
| Local | | |
| Federal | | 2,520,449.12 |
| TOTAL CONTRIBUTED CAPITAL | <u>329,999.93</u> | <u>4,720,448.96</u> |
| NET ASSETS | | |
| Invested in capital assets, net of related debt | 363,852.93 | 7,168,488.52 |
| Restricted for | | |
| Prepaid expenses | 25.00 | 51,792.69 |
| Inventory | | |
| Operation and maintenance | | 161,018.45 |
| Bond and interest redemption | | 27,556.25 |
| Replacement | | 1,002,772.47 |
| Improvements | | 25,000.00 |
| Unrestricted | (284,082.16) | (4,422,512.95) |
| TOTAL NET ASSETS | <u>79,795.77</u> | <u>4,014,115.43</u> |
| TOTAL NET ASSETS AND CONTRIBUTED CAPITAL | <u>409,795.70</u> | <u>8,734,564.39</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 410,998.02</u></u> | <u><u>\$ 9,057,020.25</u></u> |

See accompanying notes to financial statements.

| BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS | | | GOVERNMENTAL ACTIVITIES | |
|--|------------------|------------------|----------------------------|-----------------|
| WATER SUPPLY | TOTAL | | INTERNAL SERVICE FUNDS | |
| | 2008 | 2007 | 2008 | 2007 |
| \$ 83,440.31 | \$ 204,754.26 | \$ 402,052.99 | \$ 25,803.95 | \$ 45,438.00 |
| | | | 219,241.03 | 301,752.38 |
| 8,203.09 | 25,547.32 | 20,696.44 | 2,976.81 | 2,322.88 |
| 4,400.00 | 4,400.00 | 4,900.00 | | |
| | | | 36,538.07 | 35,160.71 |
| | 40,000.00 | 35,000.00 | | |
| 96,043.40 | 274,701.58 | 462,649.43 | 284,559.86 | 384,673.97 |
| | | | | |
| | 145,000.00 | 185,000.00 | 151,217.28 | 187,755.35 |
| | 145,000.00 | 185,000.00 | 151,217.28 | 187,755.35 |
| 96,043.40 | 419,701.58 | 647,649.43 | 435,777.14 | 572,429.32 |
| | | | | |
| | 2,529,999.77 | 2,829,999.77 | | |
| | 2,520,449.12 | 2,766,755.44 | 40,000.00 | 40,000.00 |
| | 5,050,448.89 | 5,596,755.21 | 40,000.00 | 40,000.00 |
| 2,737,323.51 | 10,269,664.96 | 9,257,706.45 | 745,564.10 | 728,077.19 |
| 14,127.73 | 65,945.42 | 22,522.68 | | |
| 78,991.87 | 78,991.87 | 89,189.69 | 25,141.75 | 31,284.40 |
| | 161,018.45 | 153,712.96 | | |
| | 27,556.25 | 30,675.01 | | |
| | 1,002,772.47 | 1,414,876.74 | | |
| | 25,000.00 | 25,000.00 | | |
| 574,062.44 | (4,132,532.67) | (4,420,301.02) | 424,888.90 | 169,293.55 |
| 3,404,505.55 | 7,498,416.75 | 6,573,382.51 | 1,195,594.75 | 928,655.14 |
| 3,404,505.55 | 12,548,865.64 | 12,170,137.72 | 1,235,594.75 | 968,655.14 |
| \$ 3,500,548.95 | \$ 12,968,567.22 | \$ 12,817,787.15 | \$ 1,671,371.89 | \$ 1,541,084.46 |

CITY OF LAPEER, MICHIGAN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007

| | BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS | |
|---|--|--------------------------------------|
| | AUTO PARKING | WASTE WATER TREATMENT PLANT |
| OPERATING REVENUES | | |
| Charges for services | \$ 50,250.88 | \$ 2,154,210.70 |
| Miscellaneous | | 204.37 |
| Intergovernmental | | 197,016.15 |
| Equipment rentals | | |
| | <hr/> | <hr/> |
| TOTAL OPERATING REVENUES | 50,250.88 | 2,351,431.22 |
| OPERATING EXPENSES | | |
| Salaries and wages | 21,886.83 | 602,403.69 |
| Fringe benefits | 14,856.83 | 309,271.30 |
| Office supplies | 741.15 | 11,853.94 |
| Operating supplies | 1,750.56 | 110,994.47 |
| Administrative fees | 17,277.00 | 149,011.00 |
| Professional and contractual services | 1,851.00 | 116,307.15 |
| Printing | 934.52 | 405.00 |
| Insurance and bonds | | 38,762.00 |
| Public utilities | | 167,909.89 |
| Repairs and maintenance | 4,243.99 | 86,998.61 |
| Rentals | 13,493.01 | 257,068.31 |
| Miscellaneous | | 3,317.51 |
| Property taxes | | 72,536.04 |
| Depreciation | 2,600.00 | 316,211.66 |
| Capital outlay | | |
| Conferences | | 5,382.46 |
| | <hr/> | <hr/> |
| TOTAL OPERATING EXPENSES | 79,634.89 | 2,248,433.03 |
| OPERATING INCOME (LOSS) | <hr/> (29,384.01) <hr/> | <hr/> 102,998.19 <hr/> |
| NONOPERATING REVENUES (EXPENSES) | | |
| Interest earned | 2,054.55 | 63,321.54 |
| Gain on sale of fixed assets | | |
| Interest expense | | (11,245.00) |
| | <hr/> | <hr/> |
| TOTAL NONOPERATING REVENUES (EXPENSES) | 2,054.55 | 52,076.54 |

See accompanying notes to financial statements.

| BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS | | | GOVERNMENTAL ACTIVITIES | |
|--|---------------------|---------------------|---------------------------|---------------------|
| WATER SUPPLY | TOTAL | | INTERNAL SERVICE FUNDS | |
| | 2008 | 2007 | 2008 | 2007 |
| \$ 2,114,539.28 | \$ 4,319,000.86 | \$ 4,250,557.84 | | |
| 4,767.57 | 4,971.94 | 6,132.14 | | |
| | 197,016.15 | 229,119.95 | | |
| | | | 1,148,891.91 | 1,180,596.29 |
| <u>2,119,306.85</u> | <u>4,520,988.95</u> | <u>4,485,809.93</u> | <u>1,148,891.91</u> | <u>1,180,596.29</u> |
| 303,991.55 | 928,282.07 | 856,025.05 | 99,295.27 | 97,198.70 |
| 155,470.54 | 479,598.67 | 426,237.80 | 59,898.66 | 55,792.08 |
| 9,403.63 | 21,998.72 | 18,121.29 | 1,224.81 | 1,086.15 |
| 828,076.45 | 940,821.48 | 1,100,594.54 | 226,827.11 | 177,413.48 |
| 158,664.00 | 324,952.00 | 321,460.08 | | |
| 40,202.79 | 158,360.94 | 307,247.10 | 9,464.75 | 20,495.47 |
| 2,809.00 | 4,148.52 | 3,122.42 | | |
| 8,039.00 | 46,801.00 | 51,472.00 | 41,338.00 | 45,950.00 |
| 14,897.62 | 182,807.51 | 145,931.50 | 55,115.83 | 60,873.48 |
| 14,732.87 | 105,975.47 | 74,407.94 | 100,474.54 | 86,989.79 |
| 73,408.03 | 343,969.35 | 324,142.50 | 4,276.98 | 4,283.63 |
| 3,179.88 | 6,497.39 | 7,683.23 | 700.71 | 765.74 |
| 28,930.08 | 101,466.12 | 102,395.78 | | |
| 81,448.97 | 400,260.63 | 392,224.42 | 222,951.89 | 201,290.17 |
| | | 12,961.08 | 21,546.54 | 42,636.48 |
| 1,493.50 | 6,875.96 | 5,139.87 | | |
| <u>1,724,747.91</u> | <u>4,052,815.83</u> | <u>4,149,166.60</u> | <u>843,115.09</u> | <u>794,775.17</u> |
| <u>394,558.94</u> | <u>468,173.12</u> | <u>336,643.33</u> | <u>305,776.82</u> | <u>385,821.12</u> |
| 21,372.50 | 86,748.59 | 116,333.46 | 26,398.78 | 10,365.21 |
| | | 3,286.53 | | 143,999.69 |
| | (11,245.00) | (15,584.60) | (8,609.75) | (6,703.41) |
| <u>21,372.50</u> | <u>75,503.59</u> | <u>104,035.39</u> | <u>17,789.03</u> | <u>147,661.49</u> |

CITY OF LAPEER, MICHIGAN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS - Concluded
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007

| | BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS | |
|---|--|--------------------------------------|
| | AUTO PARKING | WASTE WATER TREATMENT PLANT |
| INCOME (LOSS) BEFORE OPERATING TRANSFERS | \$ (27,329.46) | \$ 155,074.73 |
| OPERATING TRANSFERS | | |
| Operating transfers in | 30,496.00 | 140,027.56 |
| Operating transfers out | | (320,910.00) |
| NET INCOME (LOSS) | 3,166.54 | (25,807.71) |
| ADD DEPRECIATION OF FIXED ASSETS ACQUIRED BY GRANTS, ENTITLEMENTS AND SHARED REVENUES EXTERNALLY RESTRICTED FOR CAPITAL ACQUISITIONS AND CONSTRUCTION THAT REDUCES CONTRIBUTED CAPITAL | | 246,306.32 |
| REDUCTION OF CONTRIBUTED CAPITAL | | 300,000.00 |
| NET ASSETS, JULY 1 | 76,629.23 | 3,493,616.82 |
| PRIOR PERIOD ADJUSTMENT | | |
| NET ASSETS, JUNE 30 | \$ <u>79,795.77</u> | \$ <u>4,014,115.43</u> |

See accompanying notes to financial statements.

| BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS | | | GOVERNMENTAL ACTIVITIES | |
|--|----------------------------|----------------------------|---------------------------|----------------------|
| WATER SUPPLY | 2008 | TOTAL 2007 | INTERNAL SERVICE FUNDS | |
| | | | 2008 | 2007 |
| \$ 415,931.44 | \$ 543,676.71 | \$ 440,678.72 | \$ 323,565.85 | \$ 533,482.61 |
| 14,711.65 (29,274.00) | 185,235.21 (350,184.00) | 330,093.26 (266,285.00) | 10,000.00 (66,626.24) | (53,352.24) |
| 401,369.09 | 378,727.92 | 504,486.98 | 266,939.61 | 480,130.37 |
| | 246,306.32 | 246,306.32 | | |
| | 300,000.00 | 200,000.00 | | |
| 3,003,136.46 | 6,573,382.51 | 5,622,589.21 | 928,655.14 | 436,126.77 |
| | | | | 12,398.00 |
| \$ <u>3,404,505.55</u> | \$ <u>7,498,416.75</u> | \$ <u>6,573,382.51</u> | \$ <u>1,195,594.75</u> | \$ <u>928,655.14</u> |

CITY OF LAPEER, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007

| | BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS | |
|---|--|----------------------------------|
| | AUTO PARKING | WASTEWATER TREATMENT PLANT |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from customers | \$ 50,250.88 | \$ 2,392,372.12 |
| Cash received from interfund charges | | |
| Cash payment for goods and services | (39,438.45) | (827,276.05) |
| Cash payment for employees | (36,661.94) | (908,528.79) |
| | <u> </u> | <u> </u> |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | <u>(25,849.51)</u> | <u>656,567.28</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Operating transfers in | 30,496.00 | 140,027.56 |
| Operating transfers out | | (320,910.00) |
| | <u> </u> | <u> </u> |
| NET CASH PROVIDED BY (USED IN) NON- CAPITAL FINANCING ACTIVITIES | <u>30,496.00</u> | <u>(180,882.44)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Payment for capital acquisitions | | (900,678.92) |
| Principal payments | | (35,000.00) |
| Sale of capital assets | | |
| (Increase) decrease in investments | | 415,223.03 |
| Interest and fiscal charges paid | | (11,245.00) |
| | <u> </u> | <u> </u> |
| NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES | <u> </u> | <u>(531,700.89)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest received | 2,054.55 | 63,321.54 |
| | <u> </u> | <u> </u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 6,701.04 | 7,305.49 |
| CASH AND CASH EQUIVALENTS, JULY 1 | <u>39,336.77</u> | <u>153,712.96</u> |
| CASH AND CASH EQUIVALENTS, JUNE 30 | <u>\$ 46,037.81</u> | <u>\$ 161,018.45</u> |

See accompanying notes to financial statements.

| BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS | | | GOVERNMENTAL ACTIVITIES | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| WATER SUPPLY | TOTAL | | INTERNAL SERVICE FUNDS | |
| | 2008 | 2007 | 2008 | 2007 |
| \$ 2,124,006.60 | \$ 4,566,629.60 | \$ 4,433,740.83 | \$ 1,151,384.41 | \$ 1,171,042.67 |
| (1,315,820.80) | (2,182,535.30) | (2,450,184.01) | (597,417.18) | (474,769.14) |
| <u>(457,839.13)</u> | <u>(1,403,029.86)</u> | <u>(1,280,503.56)</u> | <u>(158,540.00)</u> | <u>(153,393.28)</u> |
| <u>350,346.67</u> | <u>981,064.44</u> | <u>703,053.26</u> | <u>395,427.23</u> | <u>542,880.25</u> |
| 14,711.65 | 185,235.21 | 330,093.26 | 10,000.00 | |
| <u>(29,274.00)</u> | <u>(350,184.00)</u> | <u>(266,285.00)</u> | <u>(66,626.24)</u> | <u>(53,352.24)</u> |
| <u>(14,562.35)</u> | <u>(164,948.79)</u> | <u>63,808.26</u> | <u>(56,626.24)</u> | <u>(53,352.24)</u> |
| (476,540.22) | (1,377,219.14) | (1,045,787.96) | (205,278.09) | (324,296.32) |
| | (35,000.00) | (107,269.25) | (35,160.71) | 51,199.01 |
| | | 171,227.86 | | (31,500.46) |
| 46,500.00 | 461,723.03 | (249,649.19) | (300,000.00) | |
| <u></u> | <u>(11,245.00)</u> | <u>(15,582.60)</u> | <u>(8,609.75)</u> | <u>(6,703.41)</u> |
| <u>(430,040.22)</u> | <u>(961,741.11)</u> | <u>(1,247,061.14)</u> | <u>(549,048.55)</u> | <u>(311,301.18)</u> |
| <u>21,372.50</u> | <u>86,748.59</u> | <u>116,333.46</u> | <u>26,398.78</u> | <u>5,863.29</u> |
| (72,883.40) | (58,876.87) | (363,866.16) | (183,848.78) | 184,090.12 |
| <u>197,865.91</u> | <u>390,915.64</u> | <u>754,781.80</u> | <u>553,106.23</u> | <u>369,016.11</u> |
| \$ <u><u>124,982.51</u></u> | \$ <u><u>332,038.77</u></u> | \$ <u><u>390,915.64</u></u> | \$ <u><u>369,257.45</u></u> | \$ <u><u>553,106.23</u></u> |

CITY OF LAPEER, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - Concluded
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007

| | BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS | |
|--|--|----------------------------------|
| | AUTO PARKING | WASTEWATER TREATMENT PLANT |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | | |
| Operating income (loss) | \$ <u>(29,384.01)</u> | \$ <u>102,998.19</u> |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | | |
| Depreciation | 2,600.00 | 316,211.66 |
| Prior period adjustment | | |
| (Increase) decrease in inventory | | |
| (Increase) decrease in accounts receivable | | 40,940.90 |
| (Increase) decrease in bond discounts | | 720.00 |
| (Increase) decrease in prepaid expenses | 1,010.31 | (38,311.67) |
| (Increase) decrease in due from other funds | (1,082.28) | 310,199.51 |
| (Increase) decrease in deposits | | |
| Increase (decrease) in accounts payable | 924.75 | (79,337.51) |
| Increase (decrease) in due to other funds | | |
| Increase (decrease) in accrued expenses | 81.72 | 3,146.20 |
| Increase (decrease) in performance bonds payable | | |
| Total adjustments | <u>3,534.50</u> | <u>553,569.09</u> |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | \$ <u><u>(25,849.51)</u></u> | \$ <u><u>656,567.28</u></u> |

See accompanying notes to financial statements.

| BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS | | | GOVERNMENTAL ACTIVITIES | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| WATER SUPPLY | TOTAL | | INTERNAL SERVICE FUNDS | |
| | 2008 | 2007 | 2008 | 2007 |
| \$ <u>394,558.94</u> | \$ <u>468,173.12</u> | \$ <u>336,641.33</u> | \$ <u>305,776.82</u> | \$ <u>385,821.12</u> |
| 81,448.97 | 400,260.63 | 392,224.42 | 222,951.89 | 201,290.17 |
| 10,197.82 | 10,197.82 | 14,189.03 | 6,142.65 | (12,398.00) |
| 4,699.75 | 45,640.65 | (52,069.10) | 2,492.50 | 281.10 |
| | 720.00 | 720.00 | | (402.50) |
| (6,121.38) | (43,422.74) | (305.00) | (40,444.86) | 1,062.10 |
| (17,127.44) | 291,989.79 | (239,486.61) | | |
| 453.02 | 453.02 | (439.15) | | |
| (118,885.97) | (197,298.73) | 256,389.05 | (19,634.35) | (23,325.63) |
| | | | (82,511.35) | (9,553.62) |
| 1,622.96 | 4,850.88 | 2,389.29 | 653.93 | 105.51 |
| (500.00) | (500.00) | (7,200.00) | | |
| <u>(44,212.27)</u> | <u>512,891.32</u> | <u>366,411.93</u> | <u>89,650.41</u> | <u>157,059.13</u> |
| \$ <u><u>350,346.67</u></u> | \$ <u><u>981,064.44</u></u> | \$ <u><u>703,053.26</u></u> | \$ <u><u>395,427.23</u></u> | \$ <u><u>542,880.25</u></u> |

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CITY OF LAPEER, MICHIGAN
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008

| | PAYROLL CLEARING | TAX COLLECTION | EMPLOYEE HEALTH CARE |
|---|---------------------|---------------------|-------------------------|
| ASSETS | | | |
| Cash | \$ 72,016.78 | \$ 1,963.11 | \$ |
| Investment | | | 65,855.30 |
| Accounts receivable | | 42,939.40 | |
| Prepaid expenses | | | 33,539.11 |
| TOTAL ASSETS | \$ 72,016.78 | \$ 44,902.51 | \$ 99,394.41 |
| LIABILITIES AND FUND BALANCE | | | |
| LIABILITIES | | | |
| Accounts payable | \$ 72,016.78 | \$ | \$ 65,855.30 |
| Undistributed taxes | | 1,963.11 | |
| Due to other funds | | 42,939.40 | 33,539.11 |
| TOTAL LIABILITIES | \$ 72,016.78 | \$ 44,902.51 | \$ 99,394.41 |

See accompanying notes to financial statements.

CITY OF LAPEER, MICHIGAN
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

| | SPECIAL REVENUE | DEBT SERVICE |
|---|--------------------------|--------------------------|
| ASSETS | | |
| Cash | \$ 811,501.27 | \$ 444,638.62 |
| Receivables | | |
| Accounts | 7,360.99 | |
| Special assessments | | 154,127.54 |
| Due from | | |
| Other funds | 36,945.65 | 8,049.30 |
| State | 116,318.44 | |
| Prepaid expenses | 10,650.72 | 8,196.25 |
| TOTAL ASSETS | \$ <u>982,777.07</u> | \$ <u>615,011.71</u> |
| LIABILITIES AND FUND BALANCE | | |
| LIABILITIES | | |
| Payables | | |
| Accounts | \$ 98,043.90 | \$ 775.00 |
| Payroll and payroll taxes | 10,020.14 | |
| Due to other funds | | |
| Deferred revenue | 13,750.00 | 154,127.54 |
| TOTAL LIABILITIES | <u>121,814.04</u> | <u>154,902.54</u> |
| FUND BALANCE | | |
| Reserved for cemetery perpetual care | | |
| Reserved for debt service | | 460,109.17 |
| Unreserved | 860,963.03 | |
| TOTAL FUND BALANCE | <u>860,963.03</u> | <u>460,109.17</u> |
| TOTAL LIABILITIES AND FUND BALANCE | \$ <u>982,777.07</u> | \$ <u>615,011.71</u> |

See accompanying notes to financial statements.

| CAPITAL PROJECTS | PERMANENT FUND | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
|----------------------|---------------------|--|
| \$ 240,349.90 | \$ 74,410.26 | \$ 1,570,900.05 |
| 50,233.45 | | 57,594.44 |
| 2,953.45 | | 157,080.99 |
| 1,010.96 | | 46,005.91 |
| | | 116,318.44 |
| | | 18,846.97 |
| <u>\$ 294,547.76</u> | <u>\$ 74,410.26</u> | <u>\$ 1,966,746.80</u> |
| | | |
| \$ 13,399.00 | \$ | \$ 112,217.90 |
| 3,943.00 | | 10,020.14 |
| 2,953.45 | | 3,943.00 |
| <u>20,295.45</u> | | <u>170,830.99</u> |
| | | <u>297,012.03</u> |
| | 74,069.27 | 74,069.27 |
| <u>274,252.31</u> | <u>340.99</u> | <u>460,109.17</u> |
| <u>274,252.31</u> | <u>74,410.26</u> | <u>1,135,556.33</u> |
| | | <u>1,669,734.77</u> |
| <u>\$ 294,547.76</u> | <u>\$ 74,410.26</u> | <u>\$ 1,966,746.80</u> |

CITY OF LAPEER, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

| | SPECIAL REVENUE | DEBT SERVICE |
|--|----------------------|-----------------------|
| REVENUES | | |
| Taxes and special assessments | \$ | \$ 221,755.01 |
| Intergovernmental | 1,039,989.49 | |
| Charges for services | 104,560.78 | |
| Interest and rentals | 75,801.44 | 24,698.16 |
| Other revenues | <u>136,870.56</u> | |
| TOTAL REVENUES | <u>1,357,222.27</u> | <u>246,453.17</u> |
| EXPENDITURES | | |
| Public safety | 7,248.89 | |
| Community development and enrichment | 490,005.38 | |
| Debt service | | |
| Principal retirement | | 1,107,997.67 |
| Interest and fiscal charges | | 212,954.45 |
| Other | 233,346.41 | |
| Highways and streets | 1,580,243.04 | |
| Capital outlay | <u></u> | <u></u> |
| TOTAL EXPENDITURES | <u>2,310,843.72</u> | <u>1,320,952.12</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(953,621.45)</u> | <u>(1,074,498.95)</u> |
| OTHER FINANCING SOURCES (USES) | | |
| Proceeds of bond issues and loans | | |
| Operating transfers in | 1,290,223.77 | 1,007,526.89 |
| Operating transfers out | <u>(444,560.64)</u> | <u>(260,303.56)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>845,663.13</u> | <u>747,223.33</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | (107,958.32) | (327,275.62) |
| FUND BALANCE, JULY 1 | <u>968,921.35</u> | <u>787,384.79</u> |
| FUND BALANCE, JUNE 30 | <u>\$ 860,963.03</u> | <u>\$ 460,109.17</u> |

See accompanying notes to financial statements.

| CAPITAL PROJECTS | PERMANENT FUND | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
|----------------------|---------------------|--|
| \$ | \$ | \$ |
| | | 221,755.01 |
| | | 1,039,989.49 |
| | | 104,560.78 |
| | | 116,350.15 |
| | | 137,838.82 |
| | | <u>1,620,494.25</u> |
| | | 7,248.89 |
| | | 490,005.38 |
| | | 1,107,997.67 |
| | | 212,954.45 |
| | | 306,401.45 |
| | | 1,580,243.04 |
| | | 25,000.00 |
| | | <u>3,729,850.88</u> |
| | | (2,109,356.63) |
| | | 285,000.00 |
| | | 2,456,899.41 |
| | | <u>(1,013,135.58)</u> |
| | | 1,728,763.83 |
| | | (380,592.80) |
| | | <u>2,050,327.57</u> |
| \$ | \$ | \$ |
| 12,681.32 | 3,169.23 | |
| 508.26 | 460.00 | |
| <u>13,189.58</u> | <u>3,629.23</u> | |
| 73,055.04 | | |
| 25,000.00 | | |
| <u>98,055.04</u> | | |
| (84,865.46) | 3,629.23 | |
| 285,000.00 | (3,679.23) | |
| 159,148.75 | | |
| <u>(304,592.15)</u> | | |
| 139,556.60 | (3,679.23) | |
| 54,691.14 | (50.00) | |
| 219,561.17 | 74,460.26 | |
| <u>\$ 274,252.31</u> | <u>\$ 74,410.26</u> | <u>1,669,734.77</u> |

CITY OF LAPEER, MICHIGAN

STATEMENT OF NET ASSETS

COMPONENT UNITS

JUNE 30, 2008

| | DOWNTOWN DEVELOPMENT AUTHORITY | BROWNFIELD REDEVELOPMENT |
|---|--------------------------------------|-----------------------------|
| ASSETS | | |
| Cash | \$ 142,832.21 | \$ 1,286.49 |
| Note receivable | | |
| Due from other funds | 2,695.04 | |
| Prepaid expense | 20.00 | |
| Capital assets (net of accumulated depreciation) | 569,149.18 | |
| RESTRICTED ASSETS | | |
| Cash | | |
| TOTAL ASSETS | <u>\$ 714,696.43</u> | <u>\$ 1,286.49</u> |
| LIABILITIES | | |
| Accounts payable | \$ 844.43 | \$ |
| Accrued payroll and payroll taxes | 87.20 | |
| Due to other funds | 37,527.58 | |
| Security deposits payable | 1,944.00 | |
| Accrued interest | 1,281.36 | |
| Long-term liabilities | | |
| Portion due within one year | 20,338.98 | |
| Portion due after one year | <u>76,271.19</u> | |
| TOTAL LIABILITIES | <u>138,294.74</u> | |
| FUND BALANCE | | |
| Invested in capital assets, net of related debt | 472,539.01 | |
| Unreserved | <u>103,862.68</u> | <u>1,286.49</u> |
| TOTAL FUND BALANCE | <u>576,401.69</u> | <u>1,286.49</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 714,696.43</u> | <u>\$ 1,286.49</u> |

See accompanying notes to financial statements.

| TAX INCREMENT FINANCE AUTHORITY | ECONOMIC DEVELOPMENT CORPORATION (12-31-07) | LOCAL DEVELOPMENT FINANCE AUTHORITY | TOTAL |
|--|--|--|-------------------------------|
| \$ 1,822,770.36 | \$ 6,990.87 | \$ 833,341.53 | \$ 2,807,221.46 |
| 273,156.06 | | | 273,156.06 |
| 3,872.46 | | 558.49 | 7,125.99 |
| | | | 20.00 |
| 4,157,566.83 | | 206,773.89 | 4,933,489.90 |
| <u>299,630.15</u> | | | <u>299,630.15</u> |
| \$ <u><u>6,556,995.86</u></u> | \$ <u><u>6,990.87</u></u> | \$ <u><u>1,040,673.91</u></u> | \$ <u><u>8,320,643.56</u></u> |
| \$ | \$ | \$ | \$ |
| | | | 844.43 |
| | | | 87.20 |
| 97,213.96 | | 15,274.74 | 150,016.28 |
| 6,081.00 | | | 8,025.00 |
| 8,272.92 | | | 9,554.28 |
| 440,000.00 | | | 460,338.98 |
| <u>1,342,080.00</u> | | | <u>1,418,351.19</u> |
| <u>1,893,647.88</u> | | <u>15,274.74</u> | <u>2,047,217.36</u> |
| | | | |
| 2,375,486.83 | | 206,773.89 | 3,054,799.73 |
| <u>2,287,861.15</u> | <u>6,990.87</u> | <u>818,625.28</u> | <u>3,218,626.47</u> |
| <u>4,663,347.98</u> | <u>6,990.87</u> | <u>1,025,399.17</u> | <u>6,273,426.20</u> |
| \$ <u><u>6,556,995.86</u></u> | \$ <u><u>6,990.87</u></u> | \$ <u><u>1,040,673.91</u></u> | \$ <u><u>8,320,643.56</u></u> |

CITY OF LAPEER, MICHIGAN
STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2008

| | | PROGRAM REVENUES | |
|--------------------------------------|-----------------------------|----------------------------|--|
| | | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS |
| | EXPENSES | | |
| Component Units | | | |
| Tax Increment Finance Authority | \$ 472,714.56 | \$ 66,972.00 | \$ |
| Brownfield Redevelopment | 3,300.00 | | |
| Downtown Development Authority | 115,874.37 | | |
| Local Development Finance Authority | 116,771.30 | | |
| Economic Development Corporation | <u>1,500.00</u> | | |
| Total Component Units | \$ <u><u>710,160.23</u></u> | \$ <u><u>66,972.00</u></u> | \$ <u><u></u></u> |
| General Revenues | | | |
| Property taxes | | | |
| Miscellaneous | | | |
| Unrestricted investment earnings | | | |
| Transfers | | | |
| Total General Revenues and Transfers | | | |
| Change in Net assets | | | |
| NET ASSETS, JULY 1 | | | |
| PRIOR PERIOD ADJUSTMENT | | | |
| NET ASSETS, JUNE 30 | | | |

See accompanying notes to financial statements.

NET (EXPENSE) REVENUE AND
CHANGES IN NET ASSETS

| TAX INCREMENT FINANCE AUTHORITY | BROWNFIELD REDEVELOPMENT | DOWNTOWN DEVELOPMENT AUTHORITY | LOCAL DEVELOPMENT FINANCE AUTHORITY | ECONOMIC DEVELOPMENT CORPORATION | TOTAL |
|--|-----------------------------|--------------------------------------|--|--|------------------------|
| \$ (405,742.56) | \$ (3,300.00) | \$ (115,874.37) | \$ (116,771.30) | \$ (1,500.00) | \$ (405,742.56) |
| | | | | | (3,300.00) |
| | | | | | (115,874.37) |
| | | | | | (116,771.30) |
| | | | | | (1,500.00) |
| <u>(405,742.56)</u> | <u>(3,300.00)</u> | <u>(115,874.37)</u> | <u>(116,771.30)</u> | <u>(1,500.00)</u> | <u>(643,188.23)</u> |
| 939,744.34 | 1,438.90 | 39,397.89 | 73,375.60 | | 1,053,956.73 |
| 100.00 | | 37,119.65 | 568.04 | 2,500.00 | 40,287.69 |
| 66,089.82 | | 5,302.39 | 35,079.05 | 69.39 | 106,540.65 |
| <u>(177,334.54)</u> | <u>1,889.03</u> | <u>69,510.64</u> | <u>(16,495.24)</u> | | <u>(122,430.11)</u> |
| <u>828,599.62</u> | <u>3,327.93</u> | <u>151,330.57</u> | <u>92,527.45</u> | <u>2,569.39</u> | <u>1,078,354.96</u> |
| 422,857.06 | 27.93 | 35,456.20 | (24,243.85) | 1,069.39 | 435,166.73 |
| 4,240,490.92 | 1,258.56 | 540,945.49 | 1,058,694.02 | 5,921.48 | 5,847,310.47 |
| | | | <u>(9,051.00)</u> | | <u>(9,051.00)</u> |
| <u>\$ 4,663,347.98</u> | <u>\$ 1,286.49</u> | <u>\$ 576,401.69</u> | <u>\$ 1,025,399.17</u> | <u>\$ 6,990.87</u> | <u>\$ 6,273,426.20</u> |

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CITY OF LAPEER, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Lapeer was incorporated as a City in 1869. The City of Lapeer has operated since 1919 under a Council-Manager form of government and provides the following services: public safety, highways and streets, water, sanitation, recreation, public improvements, planning, zoning, and general administrative services.

The accounting policies of the City of Lapeer conform to U.S. generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

A. Reporting Entity

All funds and account groups under direct control of the City, except for the Lapeer Housing Commission, are included in this report. A separate audit report is prepared by other auditors for this component unit of the City of Lapeer financial reporting entity. These funds and account groups are those which meet the criteria established by Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity, and Statement on Michigan Governmental Accounting and Auditing No.5.

The criteria established by GASB for determining which of the City's various organizations and activities are to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financial relationships. On this basis, the financial statements of certain other governmental organizations are not included in the financial statements of the City.

Discretely Presented Component Units

The following entities are listed as discretely presented component units of the City in the component unit column to emphasize their legally separate status from the primary government. The City is financially accountable, and exclusion from the general-purpose financial statements would be misleading or incomplete.

Downtown Development Authority
Tax Increment Finance Authority
Economic Development Corporation
Local Development Finance Authority
Brownfield Redevelopment Authority

Complete financial statements for each individual component unit may be obtained at the entity's administrative office.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government of the City of Lapeer and its component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for services. The primary government of the City of Lapeer is reported separately from certain legally separate component units for which the City of Lapeer, the primary government, is financially accountable.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - Continued

B. Government-Wide and Fund Financial Statements - Concluded

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. In the individual fund statements and schedules, the proprietary funds and fiduciary fund financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are reported when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City of Lapeer.

The City of Lapeer reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those to be accounted for in another fund.

The Parks and Recreation fund accounts for the activities used to run and maintain the community center and parks throughout the City.

The Local Street fund accounts for the intergovernmental revenue received to repair and maintain local streets.

The 2006 Special Assessment Bond fund is used to account for the resources accumulated and payments made for principal and interest payments on these bonds.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statements - Concluded

The City of Lapeer reports the following major proprietary funds:

The Wastewater fund accounts for the activities and operations of the sewage treatment plant and the sewage pumping stations.

The Water fund accounts for the activities and operations of the water distribution system.

The Auto Parking fund accounts for the operation and maintenance of the City's metered and non-metered parking lots.

Additionally, the City of Lapeer reports the following fund types:

Internal Service funds are used to account for motor pool, computer and telephone services provided to other departments on a cost reimbursement basis.

The Mount Hope Cemetery Trust fund is used to account for resources legally held in trust to be used for cemetery perpetual care. All resources of the fund, including any earnings on invested resources, may be used to support the organization's activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City of Lapeer has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the Water Fund, Wastewater Fund, and the Auto Parking Fund and other functions and segments.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services and privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. All taxes are reported as general revenue.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from provided services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expense for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City of Lapeer's policy to use restricted resources first. Unrestricted resources are used as they are needed.

D. Budgets and Budgetary Accounting

The City of Lapeer follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to May, the Manager submits to the City Commission an operating budget for the fiscal year commencing July 1.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - Continued

D. Budgets and Budgetary Accounting - Concluded

2. No later than May 31, the City Commission legally adopts the budget by resolution.
3. The City Manager has the authority to transfer any amount of money within departments of a fund. Any transfers between funds in excess of \$5,000.00 are proposed to the City Commission for their approval.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Also, all budgets are adopted on a basis consistent with U.S. generally accepted accounting principles.
5. Budget amounts are as originally adopted, or as amended by the City Manager or City Commission. Individual amendments were not material in relation to the original appropriations, which were amended.
6. All annual appropriations lapse at year end.

E. Receivables

Receivables have been recognized for all significant amounts due the City. No allowances have been made for uncollectible amounts because if they remain unpaid, most delinquent receivables can be added to the tax roll and become a lien against the property.

F. Inventories

Inventories and supplies held by the Automobile Parking System, Parks, Cemetery and the Waste Water Treatment Plant are immaterial in amount and have not been recognized in the accounting records.

The inventory of supplies held by the Water Supply System, Motor Pool and General Fund as of June 30, 2008 were determined by physical count and valued at cost.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City of Lapeer as assets with an initial, individual cost of \$5,000.00 or more and an estimated useful life in excess of one year.

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

G. Capital Assets - Concluded

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements and all proprietary financial statements. Accumulated depreciation is reported on the government-wide and proprietary statement of net assets. The straight-line depreciation method is applied over the estimated useful life of fixed assets.

The straight-line depreciation method is used for all depreciable capital assets. The estimated useful lives for capital assets are displayed in the table below:

| ASSET CLASS | DEPRECIABLE LIFE |
|-------------------|------------------|
| Land | n/a |
| Land improvements | 10-20 years |
| Buildings | 10-40 years |
| Equipment | 5-20 years |
| Vehicles | 3-10 years |
| Utility systems | 10-40 years |
| Streets | 20-25 years |
| Bridges | 20-25 years |
| Sidewalks | 20-25 years |

H. Long-Term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using straight line amortization. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt received, are reported as debt service.

I. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

J. Deposits and Investments

All highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are defined as cash equivalents. All investments for both the primary government and all the component units are reported at fair value.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – Concluded

K. Restricted Assets

Certain proceeds of the Wastewater and Water Fund's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

L. Cash and Cash Equivalents

For purposes of the statements of cash flows, the proprietary and fiduciary funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

NOTE 2: **PROPERTY TAXES**

Property tax revenues for 2007 reflected in the accompanying financial statements include property taxes levied July 1, 2007, and substantially collected at June 30, 2008.

The total 2007 levy for the City was \$2,445,714.06.

Property taxes attach as an enforceable lien on property as of July 1. Taxes are levied on July 1, and payable by July 31. The City bills and collects its own property taxes. The City is permitted by the City Charter to levy taxes up to \$1.00 per \$100.00 of assessed valuation for general governmental services, other than the payment of principal and interest on long-term debt, and in unlimited amounts for the payment of principal and interest on long-term debt. The combined tax rate to finance general governmental services other than the payment of principal and interest on long-term debt for the year ended June 30, 2008, was \$.98 per \$100.00, which means that the City has a tax margin of \$.02 per \$100.00 and could raise up to \$49,912.79 additional tax per year from the present taxable value of \$249,563,959.00 before the limit is reached.

The City levied the following taxes for fiscal year 07-08:

| | |
|-------------------------------|------------------|
| General Governmental Services | \$ <u>9,8000</u> |
|-------------------------------|------------------|

The delinquent real property taxes of the City are sold to the County of Lapeer. The County intends to sell tax notes as a means of financing the purchase of these property taxes.

NOTE 3: **ACCUMULATED VACATION AND SICK LEAVE**

Accrued vacation and sick leave is recorded as a governmental fund liability at June 30, 2008, to the extent that it is to be liquidated with expendable available financial resources within the current operating cycle. Vacation and sick leave earned as of June 30, 2008, but not liquidated within the current operating cycle, is recorded in the General Long-Term Debt Account Group.

Vacation days are earned by employees at a rate of 5 to 26 days per year.

Sick days are earned by employees at a rate of 1 day for each year of service at the beginning of every year plus 1 day per month during the year. Each employee will have one less sick day each year until a level of 13 annual sick days has been attained. An employee with no limitation may accumulate unused sick days. However, for payout purposes, sick leave is capped at 160 days or such higher cap as established as of July 1, 1988. Employees with 10 or more years of seniority are paid for fifty percent of their accumulated sick days up to their cap upon retirement or death. Employees with 15 or more years of seniority are paid one-third of accumulated sick days up to their cap upon voluntary resignation. Union employees hired after July 1, 1988, except for AFSCME (which is January 11, 1989), and non-union employees hired after November 1, 1988, earn sick days at the rate of one day per month. Unused sick days may be accumulated by an employee with no limitations, and with no payment of unused sick leave upon termination of employment.

NOTE 4: EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN INDIVIDUAL FUNDS

P.A. 621 of 1978 provides that cities and other local units of government shall not incur expenditures in excess of the amounts appropriated in the formal budget document adopted by the City Commission.

The following are the activities for which expenditures were made in excess of budget:

| FUND | BUDGET | ACTUAL | VARIANCE UNFAVORABLE |
|------------------------------|---------------|---------------|-------------------------|
| Accounting/Data processing | \$ 442,975.00 | \$ 444,342.64 | \$(1,367.64) |
| Cable advisory | 1,100.00 | 1,666.00 | (566.00) |
| General | | | |
| Attorney/Jury -witness | 141,760.00 | 151,236.72 | (9,476.72) |
| Police | 2,362,256.00 | 2,368,076.04 | (5,820.04) |
| Contributions to other units | 61,841.00 | 64,341.77 | (2,500.77) |
| Special Revenue | | | |
| Public Safety Training | 4,450.00 | 4,666.20 | (216.20) |
| Housing Resource | 180,988.00 | 257,192.93 | (76,204.93) |

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2008 are as follows:

| FUND | DUE FROM | FUND | DUE TO |
|---------------------|-------------------|----------------------|-------------------|
| General | \$ 61,738.60 | Employee Health Care | \$ 23,575.10 |
| | | DDA | 37,527.58 |
| | | Tax Collection | <u>635.92</u> |
| Subtotal | <u>61,738.60</u> | Subtotal | <u>61,738.60</u> |
| DDA | 2,695.04 | General | 7,125.99 |
| LDFA | 558.49 | | |
| TIFA I | 2,207.64 | | |
| TIFA II | 202.95 | | |
| TIFA III | <u>1,461.87</u> | | |
| Subtotal | <u>7,125.99</u> | Subtotal | <u>7,125.99</u> |
| Wastewater | 168,445.41 | Motor Pool | 219,241.03 |
| Land Acquisition | <u>50,795.62</u> | | |
| Subtotal | <u>219,241.03</u> | Subtotal | <u>219,241.03</u> |
| Oakdale Development | 15,430.81 | TIFA III | 42,005.81 |
| Wastewater | <u>26,575.00</u> | | |
| Subtotal | <u>42,005.81</u> | Subtotal | <u>42,005.81</u> |
| Parking | 1,082.28 | Employee Health Care | 5,173.75 |
| Wastewater | 2,326.64 | | |
| Water | <u>1,764.83</u> | | |
| Subtotal | <u>5,173.75</u> | Subtotal | <u>5,173.75</u> |
| Water | <u>13,901.73</u> | TIFA I | <u>13,901.73</u> |

NOTE 5: **INTERFUND RECEIVABLES AND PAYABLES** - Concluded

| FUND | DUE FROM | FUND | DUE TO |
|--------------------------|----------------------|--------------------------|----------------------|
| Major Street | \$ 17,062.74 | LDFA | \$ 14,747.74 |
| | | TIFA II | 324.10 |
| | | TIFA I | <u>1,990.90</u> |
| Subtotal | <u>17,062.74</u> | Subtotal | <u>17,062.74</u> |
| Local Street | 2,312.40 | Tax Collection | 42,303.48 |
| Water Treatment Plant | 6,242.05 | | |
| Water | 7,523.40 | | |
| Parks | 2,630.43 | | |
| 2006 Special Assessment | 12,801.04 | | |
| 2007 Special Assessment | 2,685.90 | | |
| 2001 Special Assessment | 1,801.99 | | |
| 2000 Special Assessment | 285.67 | | |
| 1998B Special Assessment | 411.31 | | |
| 2002 Special Assessment | 5,550.33 | | |
| Capital Improvement | <u>58.96</u> | | |
| Subtotal | <u>42,303.48</u> | Subtotal | <u>42,303.48</u> |
| Mt. Hope Cemetery | <u>2,139.70</u> | Employee Health Care | <u>2,139.70</u> |
| Capital Improvement | 952.00 | LDFA | 527.00 |
| | | TIFA III | <u>425.00</u> |
| Subtotal | <u>952.00</u> | Subtotal | <u>952.00</u> |
| Parks | 45,066.98 | 2005 Equipment Financing | 3,850.00 |
| | | Employee Health Care | 2,650.56 |
| | | TIFA II | 25,916.42 |
| | | TIFA I | <u>12,650.00</u> |
| Subtotal | <u>45,066.98</u> | Subtotal | <u>45,066.98</u> |
| Water | 46.50 | 2008 Special Assessment | |
| Wastewater | <u>46.50</u> | Construction | 93.00 |
| Subtotal | <u>93.00</u> | Subtotal | <u>93.00</u> |
| TOTAL | \$ <u>456,804.81</u> | TOTAL | \$ <u>456,804.81</u> |

RECONCILIATION TO STATEMENTS

| | DUE FROM | DUE TO |
|-------------------|----------------------|----------------------|
| Government funds | \$ 221,724.48 | \$ 11,068.99 |
| Proprietary funds | | |
| Business-type | 227,954.34 | |
| Internal service | | 219,241.03 |
| Fiduciary | | 76,478.51 |
| Component unit | <u>7,125.99</u> | <u>150,016.28</u> |
| | \$ <u>456,804.81</u> | \$ <u>456,804.81</u> |

The interfund receivables and payables were made for cash flow purposes.

NOTE 6: **OPERATING TRANSFERS**

The following are the operating transfers for the year ended June 30, 2008:

| FUND | TRANSFERS IN | FUND | TRANSFERS OUT |
|--|---------------------|--|---------------------|
| Site Plan Review | \$ 28,500.00 | General | \$ 1,099,257.00 |
| Local Street | 132,565.00 | | |
| 2005 Equipment Financing Debt | 135,955.00 | | |
| Youth Mini Grant | 5,000.00 | | |
| Parks and Recreation | 250,000.00 | | |
| Mt. Hope Cemetery | 136,801.00 | | |
| 2002 Equipment Financing Debt | | | |
| Police K-9 | 1,750.00 | | |
| 2003 Equipment Financing Debt | | | |
| 2001 Building Authority Bond | 98,618.00 | | |
| 2002 Building Authority Bond | 154,899.00 | | |
| Capital Improvement | 132,565.00 | | |
| Parking | <u>22,604.00</u> | | |
| Subtotal | <u>1,099,257.00</u> | Subtotal | <u>1,099,257.00</u> |
| Local Street | 25,000.00 | Major Street | 327,511.00 |
| 2000 General Obligation Limited Tax Bond Debt | 30,188.00 | | |
| 1998 General Obligation Limited Tax Bond Debt | 125,968.00 | | |
| 1998B General Obligation Limited Tax Bond Debt | 20,381.00 | | |
| 2001 General Obligation Limited Tax Bond Debt | 30,838.00 | | |
| 2002 General Obligation Limited Tax Bond Debt | 74,205.00 | | |
| 2003 General Obligation Limited Tax Bond Debt | <u>20,931.00</u> | | |
| Subtotal | <u>327,511.00</u> | Subtotal | <u>327,511.00</u> |
| 2006 General Obligation Limited Tax Bond Debt | 46,628.00 | Local Street | 53,428.00 |
| 2007 General Obligation Limited Tax Bond Debt | <u>6,800.00</u> | | |
| Subtotal | <u>53,428.00</u> | Subtotal | <u>53,428.00</u> |
| Major Street | 750,979.80 | Local Development Finance Authority | 89,089.70 |
| | | 2007 Special Assessment Construction | 61,619.98 |
| | | Downtown Development Authority | 25,052.54 |
| | | Tax Increment Finance Authority | 315,391.39 |
| | | 1997 Special Assessment Bond | 4,997.36 |
| | | 1998 Special Assessment Bond | <u>254,828.83</u> |
| Subtotal | <u>750,979.80</u> | Subtotal | <u>750,979.80</u> |
| 2001 Building Authority Bond | 29,277.00 | Capital Improvement | 39,277.00 |
| Downtown Development Authority | <u>10,000.00</u> | | |
| Subtotal | <u>39,277.00</u> | Subtotal | <u>39,277.00</u> |
| Mt. Hope Cemetery | <u>3,679.23</u> | Mt. Hope Cemetery Perpetual Care-expendable | <u>3,679.23</u> |
| 1999 Building Authority Bond | <u>20,910.00</u> | Wastewater Treatment Plant | <u>20,910.00</u> |

NOTE 6: **OPERATING TRANSFERS** – Continued

| FUND | TRANSFERS IN | FUND | TRANSFERS OUT |
|-------------------------------------|---------------------|--------------------------------------|---------------------|
| General | \$ 698,289.13 | Site Plan Review | \$ 12,616.72 |
| | | Motor Pool | 10,000.00 |
| | | Waste Water Treatment Plant | 300,000.00 |
| | | Local Development Finance Authority | 116,184.66 |
| | | Brownfield Redevelopment | 210.00 |
| | | Building Department | 10,000.00 |
| | | Housing Resource | 9,000.00 |
| | | Downtown Development Authority | 10,605.11 |
| | | Tax Increment Finance Authority | <u>229,672.64</u> |
| Subtotal | <u>698,289.13</u> | Subtotal | <u>698,289.13</u> |
| Oakdale Development | <u>47,028.68</u> | Tax Increment Finance Authority | <u>47,028.68</u> |
| Tax Increment Finance Authority | 890,384.75 | General | 1,183,165.54 |
| Local Development Finance Authority | 193,641.12 | | |
| Downtown Development Authority | 97,040.64 | | |
| Brownfield Redevelopment | <u>2,099.03</u> | | |
| Subtotal | <u>1,183,165.54</u> | Subtotal | <u>1,183,165.54</u> |
| Water Supply | <u>809.92</u> | Site Plan Review | <u>809.92</u> |
| Building Department | <u>62,000.00</u> | Land Acquisition | <u>62,000.00</u> |
| Waste Water | 9,892.31 | Motor Pool | 46,626.24 |
| 1999 Building Authority Bond | 33,457.00 | | |
| Land Acquisition | <u>3,276.93</u> | | |
| Subtotal | <u>46,626.24</u> | Subtotal | <u>46,626.24</u> |
| 1999 Building Authority Bond | <u>29,274.00</u> | Water Supply | <u>29,274.00</u> |
| Telephone Communications | <u>10,000.00</u> | Information Technology | <u>10,000.00</u> |
| 2001 Building Authority Bond | <u>26,195.00</u> | Oakdale Development | <u>26,195.00</u> |
| Wastewater | <u>130,135.25</u> | Tax Increment Finance Authority | <u>130,135.25</u> |
| Parking | <u>7,892.00</u> | Downtown Development Authority | <u>7,892.00</u> |
| 2007 Special Assessment Bond | <u>30,790.16</u> | 2006 Special Assessment Construction | <u>30,790.16</u> |
| Capital Improvement | 26,583.75 | Tax Increment Finance Authority | 25,492.75 |
| | | Local Development Finance Authority | <u>1,091.00</u> |
| Subtotal | <u>26,583.75</u> | Subtotal | <u>26,583.75</u> |

NOTE 6: **OPERATING TRANSFERS** – Concluded

| FUND | TRANSFERS IN | FUND | TRANSFERS OUT |
|---|------------------------|--------------------------------------|------------------------|
| Land Acquisition | \$ <u>3,771.00</u> | Local Development Finance Authority | \$ <u>3,771.00</u> |
| Water Supply | <u>13,901.73</u> | Tax Increment Finance Authority | <u>13,901.73</u> |
| 2006 General Obligation Limited Tax Bond Debt | <u>54,612.32</u> | 2006 General Obligation Construction | <u>54,612.32</u> |
| Parks and Recreation | 278,875.61 | Tax Increment Finance Authority | 252,025.61 |
| | | Capital Improvement | 18,000.00 |
| | | Youth Mini Grant | 5,000.00 |
| | | 2005 Equipment Financing Debt | <u>3,850.00</u> |
| Subtotal | <u>278,875.61</u> | Subtotal | <u>278,875.61</u> |
| Local Street | 96,920.06 | 2006 General Obligation Construction | 8,351.88 |
| | | 2007 Special Assessment Construction | 39,047.73 |
| | | 2005 Special Assessment Construction | 5,008.13 |
| | | 2007 General Obligation Construction | 44,034.95 |
| | | 1997 Special Assessment Bond | <u>477.37</u> |
| Subtotal | <u>96,920.06</u> | Subtotal | <u>96,920.06</u> |
| 2005 Equipment Financing Debt | 68,390.57 | Tax Increment Finance Authority | 54,071.24 |
| | | Downtown Development Authority | <u>14,319.33</u> |
| Subtotal | <u>68,390.57</u> | Subtotal | <u>68,390.57</u> |
| TOTAL | \$ <u>5,110,302.99</u> | TOTAL | \$ <u>5,110,302.99</u> |

RECONCILIATION TO STATEMENTS

| | TRANSFERS IN | TRANSFERS OUT |
|--------------------------|------------------------|------------------------|
| Government funds | \$ 3,721,902.24 | \$ 3,357,558.12 |
| Proprietary funds | | |
| Business-type | 185,235.21 | 350,184.00 |
| Internal service | 10,000.00 | 66,626.24 |
| Component Unit | <u>1,193,165.54</u> | <u>1,315,595.65</u> |
| Subtotal | <u>5,110,302.99</u> | <u>5,089,964.01</u> |
| Component Unit Principal | | <u>20,338.98</u> |
| TOTAL | \$ <u>5,110,302.99</u> | \$ <u>5,110,302.99</u> |

These transfers were made for cash flow purposes.

NOTE 7: **CASH, CASH EQUIVALENTS AND INVESTMENTS**

The cash equity of the various funds at June 30, 2008 is as follows:

| FUND | COMMON CASH | OTHER CASH | INVESTMENTS | RESTRICTED CASH AND INVESTMENTS | TOTAL |
|----------------------------------|----------------|---------------|-----------------|---------------------------------------|-----------------|
| General | \$ 917,740.92 | \$ 1,043.52 | \$ 1,000,000.00 | \$ | \$ 1,918,784.44 |
| Major Street | 143,644.15 | | 300,000.00 | | 443,644.15 |
| Local Street | 154,802.40 | | | | 154,802.40 |
| Parks and Recreation | 299,398.43 | 17,641.40 | | | 317,039.83 |
| Oakdale Development | 18,818.99 | | | | 18,818.99 |
| Youth Mini-grant | 526.43 | | | | 526.43 |
| Local Development | | | | | |
| Finance Authority | | 833,341.53 | | | 833,341.53 |
| Drug Law Enforcement | 14,636.11 | | | | 14,636.11 |
| D.A.R.E. | 12,212.81 | | | | 12,212.81 |
| Public safety training | 437.59 | | | | 437.59 |
| Mt. Hope Cemetery | 96,794.17 | | | | 96,794.17 |
| Economic Development | | | | | |
| Corporation (12-31-07) | | 6,990.87 | | | 6,990.87 |
| Downtown Development | | | | | |
| Authority | 23,632.01 | 119,200.20 | | | 142,832.21 |
| Building Department | 17,691.26 | | | | 17,691.26 |
| General forfeiture | 5,414.18 | | | | 5,414.18 |
| Police K-9 Program | 8,657.03 | | | | 8,657.03 |
| Tax Increment | | | | | |
| Finance Authority | | 1,822,770.36 | | 299,630.15 | 2,122,400.51 |
| 2006 General Obligation | | | | | |
| Limited Tax Bonds | | 56,934.62 | | | 56,934.62 |
| 1998 General Obligation | | | | | |
| Limited Tax Bonds | | 58.24 | | | 58.24 |
| 1998 Series B General Obligation | | | | | |
| Limited Tax Bonds | | 215.58 | | | 215.58 |
| 2000 General Obligation | | | | | |
| Limited Tax Bonds | | 1,083.69 | | | 1,083.69 |
| 2001 General Obligation | | | | | |
| Limited Tax Bonds | | 2,981.98 | | | 2,981.98 |
| 2003 Special Assessment Bonds | | 126,772.82 | | | 126,772.82 |
| 2006 Special Assessment Bonds | 2,449.53 | 38,583.98 | | | 41,033.51 |
| 2007 Special Assessment Bonds | | 59,078.90 | | | 59,078.90 |
| 1998 Series B Special | | | | | |
| Assessment Bonds | 395.82 | 1,448.59 | | | 1,844.41 |
| 2000 Special Assessment Bonds | | 12,725.40 | | | 12,725.40 |
| 2001 Special Assessment Bonds | | 48,141.60 | | | 48,141.60 |
| 2002 Special Assessment Bonds | 2,700.70 | 70,583.66 | | | 73,284.36 |
| Telephone Communication | 13,191.01 | | | | 13,191.01 |
| Housing Resource | 31,065.27 | | | | 31,065.27 |
| 2002 Building Authority Bonds | | 16,660.67 | | | 16,660.67 |
| 2001 Building Authority Bonds | | 23,807.23 | | | 23,807.23 |
| 1999 Building Authority Bonds | | 27,729.10 | | | 27,729.10 |
| 2005 Equipment Financing | | 40,321.65 | | | 40,321.65 |
| Site Plan Review | 6,800.88 | | | | 6,800.88 |
| 2007 General Obligation | | | | | |
| Limited Tax Bonds | | 3,958.15 | | | 3,958.15 |

NOTE 7: **CASH, CASH EQUIVALENTS AND INVESTMENTS** - Continued

| FUND | COMMON CASH | OTHER CASH | INVESTMENTS | RESTRICTED CASH AND INVESTMENTS | TOTAL |
|---|-------------------------------|-------------------------------|-------------------------------|---------------------------------------|--------------------------------|
| Infrastructure | \$ 65,996.40 | \$ | \$ | \$ | \$ 65,996.40 |
| Land acquisition | 262,215.50 | | 300,000.00 | | 562,215.50 |
| Auto parking | 46,037.81 | | | | 46,037.81 |
| Waste Water Treatment Plant | 161,018.45 | | | 1,055,328.72 | 1,216,347.17 |
| Water supply | 124,882.51 | 100.00 | 300,000.00 | | 424,982.51 |
| Motor Pool | 177,435.96 | | 300,000.00 | | 477,435.96 |
| Mt. Hope Cemetery Perpetual Care | 74,410.26 | | | | 74,410.26 |
| 2002 General Obligation Limited Tax Bonds | | 119.23 | | | 119.23 |
| 2003 General Obligation Limited Tax Bonds | | 47,524.79 | | | 47,524.79 |
| Information Technology | 178,630.78 | | | | 178,630.78 |
| 2005 Equipment Financing Debt Fund | | 82.02 | | | 82.02 |
| 2007 General Obligation Construction Debt Fund | 32,695.47 | 30,936.92 | | | 63,632.39 |
| 2007 Special Assessment Construction | 9,572.55 | 60,826.91 | | | 70,399.46 |
| 2003 Equipment Financing Debt Fund | | 124.80 | | | 124.80 |
| 2004 Equipment Financing Debt Fund | | 589.93 | | | 589.93 |
| Tax Collection | 1,963.11 | | | | 1,963.11 |
| Payroll Clearing | 72,016.78 | | | | 72,016.78 |
| Brownfield Redevelopment Authority | | 1,286.49 | | | 1,286.49 |
| TOTAL | \$ <u>2,977,885.27</u> | \$ <u>3,473,664.83</u> | \$ <u>2,200,000.00</u> | \$ <u>1,354,958.87</u> | \$ <u>10,006,508.97</u> |

RECONCILIATION TO STATEMENTS

| | COMMON CASH | OTHER CASH | INVESTMENTS | RESTRICTED CASH AND INVESTMENTS | TOTAL |
|-------------------|-------------------------------|-------------------------------|-------------------------------|---------------------------------------|--------------------------------|
| Government funds | \$ 2,179,076.85 | \$ 689,975.38 | \$ 1,600,000.00 | \$ | \$ 4,469,052.23 |
| Proprietary funds | | | | | |
| Enterprise | 331,938.77 | 100.00 | 300,000.00 | 1,055,328.72 | 1,687,367.49 |
| Internal service | 369,257.75 | | 300,000.00 | | 669,257.75 |
| Fiduciary funds | 73,979.89 | | | | 73,979.89 |
| Component units | <u>23,632.01</u> | <u>2,783,589.45</u> | | <u>299,630.15</u> | <u>3,106,851.61</u> |
| TOTAL | \$ <u>2,977,885.27</u> | \$ <u>3,473,664.83</u> | \$ <u>2,200,000.00</u> | \$ <u>1,354,958.87</u> | \$ <u>10,006,508.97</u> |

FINANCIAL STATEMENT
PRESENTATION

| | |
|---------------------------------|--------------------------------|
| Cash | \$ 6,377,570.21 |
| Investments | 2,200,000.00 |
| Restricted cash and investments | 1,354,958.87 |
| Fiduciary funds | <u>73,979.89</u> |
| TOTAL | \$ <u>10,006,508.97</u> |

NOTE 7: **CASH, CASH EQUIVALENTS AND INVESTMENTS** – Continued

In accordance with Michigan Compiled Laws, the City Treasurer is authorized to invest in the following investment vehicles:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
3. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
4. The United States government or Federal agency obligations repurchase agreements.
5. Bankers acceptances of United States banks.
6. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits of \$100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000. Michigan Compiled Laws allow for collateralization of government deposits if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities, issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Deposits

There is a custodial credit risk as it relates to deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2008, the carrying amount of the City's deposits was \$10,005,508.97 and the bank balance was \$10,219,579.34, of which \$808,277.36 was covered by federal depository insurance. The remaining balance of \$9,411,301.98 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the year, the amount the City held as cash and cash equivalents increased significantly. As a result, the amount of uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year end.

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). As of June 30, 2008, the City did not have any investment that would be subject to rating.

Interest Rate Risk

The City will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designing its portfolio in a manner to attain a market rate of return throughout the budgetary and economic cycles while preserving and protecting capital.

NOTE 7: **CASH, CASH EQUIVALENTS AND INVESTMENTS – Concluded**

Concentration of Credit Risk

The City will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the City's investment in a single issuer, by diversifying the investment portfolio to prevent over concentration of assets in a specific maturity, individual financial institution, or specific class of securities.

Custodial Credit Risk

The City will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer by:

- ? Limiting investments to the types of securities listed in the City's investment policy.
- ? Pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the City will do business in accordance with the City's investment policy.

NOTE 8: **DEFINED BENEFIT PENSION PLAN**

Plan Description

The City participates in the Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers all employees of the City. The system provides retirement, disability and death benefits to plan members and their beneficiaries. The Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the City of Lapeer, City Hall, Lapeer, Michigan.

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the City's competitive bargaining units, and requires a contribution from the City of 9.69 to 17.61 percent of employee salaries.

Annual Pension Cost

For year ended December 31, 2007, the City's annual pension cost of \$554,159.00 for the plan was equal to the City's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2007, using the entry actual age cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, and (b) projected salary increases of 4.5 percent per year. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short term volatility over a five year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The amortization period is being reduced from 30 years to 25 years in one year increments reaching the 25 year amortization in the 2010 valuation.

| | FISCAL YEAR ENDED DECEMBER 31, | | |
|---|-----------------------------------|------------|------------|
| | 2005 | 2006 | 2007 |
| Annual pension cost | \$ 417,306 | \$ 509,857 | \$ 554,159 |
| Percentage of APC contributed | 100% | 100% | 100% |
| Net pension obligation | | | |
| Actuarial value of assets | 10,357,383 | 11,143,151 | 12,018,808 |
| Actuarial Accrued Liability (entry age) | 14,070,488 | 15,167,208 | 16,184,839 |
| Unfunded Actuarial Accrued Liability | 3,713,105 | 4,024,057 | 4,166,031 |
| Funded ratio | 73.6% | 73.5% | 74.3% |
| Covered payroll | 3,589,192 | 3,820,997 | 4,103,203 |
| UAAL as a percentage of covered payroll | 103.5% | 105.3% | 101.5% |

NOTE 9: **LONG-TERM OBLIGATIONS**

The following is a summary of long-term debt transactions of the primary government and all component units for the year ended June 30, 2008:

| | WATER AND SEWER REVENUE BONDS | GENERAL OBLIGATION BONDS | NOTES PAYABLE | COMPENSATED ABSENCES |
|------------------------|-------------------------------------|--------------------------------|------------------------|-------------------------|
| As of July 1, 2007 | \$ 220,000.00 | \$ 7,065,000.00 | \$ 1,169,655.96 | \$ 615,255.35 |
| Additions (Reductions) | (35,000.00) | (1,145,000.00) | 1,201,296.35 | 8,464.87 |
| As of June 30, 2008 | <u>\$ 185,000.00</u> | <u>\$ 5,920,000.00</u> | <u>\$ 2,370,952.31</u> | <u>\$ 623,720.22</u> |

Long-term debt at June 30, 2008 is comprised of the individual issues:

| | BALANCE AS OF JULY 1, 2007 | ADDITIONS (DEDUCTIONS) | BALANCE AS OF JUNE 30, 2008 | DUE WITHIN ONE YEAR |
|---|-------------------------------|---------------------------|--------------------------------|------------------------|
| BUSINESS-TYPE ACTIVITIES | | | | |
| \$520,000.00 1987 Sewer Revenue Bonds due in annual installments of \$20,000.00 to \$50,000.00 through May 1, 2012; interest at 7.525% to 7.75%. | <u>\$ 220,000.00</u> | <u>\$(35,000.00)</u> | <u>\$ 185,000.00</u> | <u>\$ 40,000.00</u> |
| Less: Amount payable within one year | | | <u>40,000.00</u> | |
| TOTAL LONG-TERM DEBT BUSINESS-TYPE ACTIVITIES | | | <u>\$ 145,000.00</u> | |

**GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT**

| | | | | |
|---|---------------|---------------|---------------|-------------|
| \$152,000.00 2006 Abstract Building installment and purchase loan in annual installments of \$14,319.33 through February 1, 2019; interest at 3.870%. | \$ 134,961.70 | \$(9,023.77) | \$ 125,937.93 | \$ 9,364.30 |
| \$205,000.00 2003 Special Assessment Bonds due in annual installments of \$15,000.00 to \$25,000.00 through December 1, 2012; interest at 2.20% to 5.20% per annum. | 140,000.00 | (25,000.00) | 115,000.00 | 25,000.00 |
| \$225,000.00 2003 General Obligation Tax Bonds due in annual installments of \$15,000.00 to \$30,000.00 through December 1, 2012; interest at 2.20% to 5.20% per annum. | 160,000.00 | (25,000.00) | 135,000.00 | 25,000.00 |
| \$1,404,455.00 2008 Installment purchase contract due in bi-annual installments of \$84,992.89 through July 15, 2018; interest included at 3.70%. | | 1,404,455.00 | 1,404,455.00 | 53,276.80 |

NOTE 9: **LONG-TERM OBLIGATIONS** – Continued

GOVERNMENTAL ACTIVITIES

PRIMARY GOVERNMENT - Continued

| | BALANCE AS OF JULY 1, 2007 | ADDITIONS (DEDUCTIONS) | BALANCE AS OF JUNE 30, 2008 | DUE WITHIN ONE YEAR |
|---|-------------------------------|---------------------------|--------------------------------|------------------------|
| \$200,000.00 2001 Special Assessment Bonds due in annual installments of \$5,000.00 to \$25,000.00 through December 1, 2010; interest at 3.90% per annum. | \$ 90,000.00 | \$(20,000.00) | \$ 70,000.00 | \$ 20,000.00 |
| \$275,000.00 2001 General Obligation Limited Tax Bond due in annual installments of \$20,000.00 to \$50,000.00 through December 1, 2010; interest at 3.90% per annum. | 175,000.00 | (25,000.00) | 150,000.00 | 50,000.00 |
| \$288,000.00 Splash Park Loan due in annual installments of \$54,071.24 through March 1, 2012; interest at 3.60%. | 243,444.60 | (45,307.23) | 198,137.37 | 46,938.29 |
| \$682,000.00 Fire Equipment Loan due in annual installments of \$139,461.33 to \$118,114.43 through February 1, 2012; interest at 3.87%. | 568,333.33 | (113,666.67) | 454,666.66 | 113,666.67 |
| \$280,000.00 2006 Special Assessment Bonds due in annual installments of \$20,000.00 to \$30,000.00 through January 1, 2016; interest at 3.95%. | 260,000.00 | (25,000.00) | 235,000.00 | 25,000.00 |
| \$470,000.00 2006 General Obligation Limited Tax Bond due in annual installments of \$25,000.00 to \$60,000.00 through January 1, 2016; interest at 3.95%. | 445,000.00 | (30,000.00) | 415,000.00 | 40,000.00 |
| \$110,000.00 2007 General Obligation Tax Bonds due in annual installments of \$10,000.00 to \$15,000.00 through November 1, 2017; interest at 3.95%. | | 110,000.00 | 110,000.00 | 10,000.00 |
| \$175,000.00 2007 Special Assessment Bonds due in annual installments of \$10,000.00 to \$20,000.00 through November 1, 2017; interest at 3.95%. | | 175,000.00 | 175,000.00 | 10,000.00 |

NOTE 9: **LONG-TERM OBLIGATIONS** - Continued

| | BALANCE AS OF JULY 1, 2007 | ADDITIONS (DEDUCTIONS) | BALANCE AS OF JUNE 30, 2008 | DUE WITHIN ONE YEAR |
|---|-------------------------------|---------------------------|--------------------------------|------------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| PRIMARY GOVERNMENT - Continued | | | | |
| \$385,000.00 2002 Special Assessment Bonds due in annual installments of \$10,000.00 to \$45,000.00 through November 1, 2011; interest at 4.25% to 4.50%. | \$ 210,000.00 | \$(45,000.00) | \$ 165,000.00 | \$ 40,000.00 |
| \$390,000.00 2002 General Obligation Tax Bonds due in annual installments of \$15,000.00 to \$75,000.00 through November 1, 2011; interest at 4.25% to 4.50%. | 228,050.85 | (39,661.02) | 188,389.83 | 39,661.02 |
| \$1,780,000.00 1998 Special Assessment Bonds due in annual installments of \$160,000.00 to \$215,000.00 through September 1, 2007; interest at 4.25% to 4.30%. | 215,000.00 | (215,000.00) | | |
| \$180,000.00 1998 Series B General Obligation Limited Tax Bonds due in annual installments of \$15,000.00 to \$20,000.00 through February 1, 2008; interest 3.85% to 6.85%. | 20,000.00 | (20,000.00) | | |
| \$134,000.00 1998 Series B Special Assessment Bonds due in annual installments of \$10,000.00 to \$15,000.00 through February 1, 2008; interest at 3.85% to 6.85%. | 15,000.00 | (15,000.00) | | |
| \$995,000.00 1999 Building Authority Bonds due in annual installment of \$45,000.00 to \$100,000.00 through September 1, 2013; interest at 4.15%. | 570,000.00 | (65,000.00) | 505,000.00 | 70,000.00 |
| \$1,000,000.00 1998 General Obligation Tax Bonds due in annual installments of \$90,000.00 to \$125,000.00 through September 1, 2007; interest at 4.25% to 4.30%. | 125,000.00 | (125,000.00) | | |
| \$270,000.00 2000 General Obligation Limited Tax Bonds due in annual installments of \$20,000.00 to \$50,000.00 through December 1, 2009; interest at 4.70%. | 125,000.00 | (25,000.00) | 100,000.00 | 50,000.00 |

NOTE 9: **LONG-TERM OBLIGATIONS** - Continued

| | BALANCE AS OF JULY 1, 2007 | ADDITIONS (DEDUCTIONS) | BALANCE AS OF JUNE 30, 2008 | DUE WITHIN ONE YEAR |
|--|-------------------------------|---------------------------|--------------------------------|-----------------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| PRIMARY GOVERNMENT - Concluded | | | | |
| \$1,705,000.00 2001 Building Authority Bonds due in annual installments of \$85,000.00 to \$155,000.00 through April 1, 2016; interest at 4.00% to 4.70%. | \$ 1,145,000.00 | \$ (105,000.00) | \$ 1,040,000.00 | \$ 110,000.00 |
| \$75,000.00 2000 Special Assessment Bonds due in annual installments of \$5,000.00 to \$10,000.00 through December 1, 2009; interest at 4.70%. | 25,000.00 | (5,000.00) | 20,000.00 | 10,000.00 |
| \$1,285,000.00 2002 Building Authority Bonds due in annual installments of \$110,000.00 to \$150,000.00 through October 1, 2012; interest at 3.00% to 3.75%. | 730,000.00 | (135,000.00) | 595,000.00 | 130,000.00 |
| Accumulated compensated absences | <u>615,255.35</u> | <u>8,464.87</u> | <u>623,720.22</u> | <u> </u> |
| TOTAL PRIMARY GOVERNMENT | <u>6,240,045.83</u> | <u>585,261.18</u> | <u>6,825,307.01</u> | <u>877,907.08</u> |
| GOVERNMENTAL ACTIVITIES | | | | |
| INTERNAL SERVICE | | | | |
| \$94,853.20 2006 Backhoe and loader loan due in annual installments of \$8,155.04 to \$10,947.90 through March 1, 2014; interest at 3.75%. | \$ 160,317.77 | \$ (20,452.33) | \$ 139,865.44 | \$ 21,219.30 |
| \$115,800.00 Street Sweeper loan due in annual installments of \$17,306.21 through August 1, 2010; interest included at 4.15%. | <u>62,598.29</u> | (<u>14,708.38</u>) | <u>47,889.91</u> | <u>15,318.78</u> |
| TOTAL INTERNAL SERVICE | <u>222,916.06</u> | (<u>35,160.71</u>) | <u>187,755.35</u> | <u>36,538.08</u> |
| TOTAL GOVERNMENTAL ACTIVITIES | <u>\$ 6,462,961.89</u> | <u>\$ 550,100.47</u> | 7,013,062.36 | <u>\$ 914,445.16</u> |
| Less: Amount payable within one year | | | <u>914,445.16</u> | |
| TOTAL LONG-TERM DEBT GOVERNMENTAL ACTIVITIES | | | <u>\$ 6,098,617.20</u> | |
| COMPONENT UNITS | | | | |
| \$5,730,000.00 Tax Increment Revenue Refunding Bond due in annual installments of \$275,000.00 to \$575,000.00 through June 1, 2012; interest at 4.50% to 5.50%. On the balance sheet the principal amount is netted with the bond discount. | \$ 2,270,000.00 | \$ (465,000.00) | \$ 1,805,000.00 | \$ 440,000.00 |

NOTE 9: **LONG-TERM OBLIGATIONS** - Concluded

| | BALANCE AS OF JULY 1, 2007 | ADDITIONS (DEDUCTIONS) | BALANCE AS OF JUNE 30, 2008 | DUE WITHIN ONE YEAR |
|--|-------------------------------|--------------------------------|--------------------------------|-----------------------------|
| COMPONENT UNITS - Concluded | | | | |
| \$200,000 2002 General Obligation Tax bonds due in installments of \$16,949.15 to \$25,423.73 through November 1, 2011; interest at 4.25% to 4.30% . | \$ <u>116,949.15</u> | \$(<u>20,338.98</u>) | \$ <u>96,610.17</u> | \$ <u>20,338.98</u> |
| TOTAL COMPONENT UNIT | \$ <u><u>2,386,949.15</u></u> | \$(<u><u>485,338.98</u></u>) | 1,901,610.17 | \$ <u><u>460,338.98</u></u> |
| Less: Amount due within one year | | | <u>460,338.98</u> | |
| TOTAL LONG-TERM DEBT COMPONENT UNITS | | | \$ <u><u>1,441,271.19</u></u> | |

The annual requirements to pay future principal and interest are as follows:

| YEAR ENDING JUNE 30, | BUSINESS- TYPE ACTIVITIES | GOVERNMENTAL FUNDS | COMPONENT UNITS | TOTAL |
|----------------------|---------------------------------|-----------------------|--------------------|-----------------|
| 2009 | Principal | \$ 40,000.00 | \$ 914,445.16 | \$ 1,414,784.14 |
| | Interest | 8,845.00 | 223,696.52 | 335,660.59 |
| | Total | 48,845.00 | 1,138,141.68 | 1,750,444.73 |
| 2010 | Principal | 45,000.00 | 1,025,687.92 | 1,556,111.65 |
| | Interest | 6,885.00 | 206,498.39 | 291,305.85 |
| | Total | 51,885.00 | 1,232,186.31 | 1,847,417.50 |
| 2011 | Principal | 50,000.00 | 983,830.81 | 1,534,254.54 |
| | Interest | (365.00) | 167,235.61 | 218,361.71 |
| | Total | 49,635.00 | 1,151,066.42 | 1,752,616.25 |
| 2012 | Principal | 50,000.00 | 904,972.82 | 1,410,396.55 |
| | Interest | (2,660.00) | 129,723.96 | 151,285.99 |
| | Total | 47,340.00 | 1,034,696.78 | 1,561,682.54 |
| 2013 | Principal | | 660,696.21 | 660,696.21 |
| | Interest | | 95,721.90 | 95,721.90 |
| | Total | | 756,418.11 | 756,418.11 |
| 2014 – 2018 | Principal | | 1,802,481.52 | 1,802,481.52 |
| | Interest | | 186,254.51 | 186,254.51 |
| | Total | | 1,988,736.03 | 1,988,736.03 |
| 2019 – 2023 | Principal | | 97,227.70 | 97,227.70 |
| | Interest | | 2,084.52 | 2,084.52 |
| | Total | | 99,312.22 | 99,312.22 |
| TOTAL | Principal | 185,000.00 | 6,389,342.14 | 8,475,952.31 |
| | Interest | 12,705.00 | 1,011,215.41 | 1,280,675.07 |
| | Total | 197,705.00 | 7,400,557.55 | 9,756,627.38 |

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

NOTE 10: **FUND EQUITY RESERVES AND DESIGNATIONS**

Fund Balances:

Reserved for Cemetery Perpetual Care

This amount reflects the fund balance of the Mt. Hope Cemetery Perpetual Care Fund restricted for perpetual care maintenance.

Reserved for Prepaid Expenses

These amounts have been reserved to segregate a portion of fund balance for prepaid expenses that appear as an asset on the balance sheet.

Reserved for Inventory

These amounts have been reserved to segregate a portion of fund balance for inventory that appears as an asset on the balance sheet.

Reserved for Receivables

These amounts have been reserved to segregate a portion of fund balance for accounts receivable that appears as an asset on the balance sheet.

Reserved for Operation Maintenance

These amounts have been reserved to segregate a portion of fund balance for maintaining operations.

Reserved for Replacement

These amounts have been reserved to segregate a portion of fund balance for replacement expenditures.

Reserved for Improvements

These amounts have been reserved to segregate a portion of fund balance for purchasing improvements.

Designated for Debt Service

All Debt Service Funds' fund balances are designated by City management to be utilized for future debt service expenditures.

NOTE 11: SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains three Enterprise Funds which provide auto parking, water and sewer services. Segment information for the year ended June 30, 2008, is as follows:

| | AUTO PARKING FUND | WASTE WATER TREATMENT PLANT FUND | WATER SUPPLY FUND | TOTAL |
|---|-------------------------|--|-------------------------|------------------|
| Total assets | \$ 410,998.02 | \$ 9,057,020.25 | \$ 3,500,548.95 | \$ 12,968,567.22 |
| Total liabilities | 1,202.32 | 322,455.86 | 37,519.32 | 361,177.50 |
| Contributed capital | 329,999.93 | 5,020,448.96 | | 5,350,448.89 |
| Total net assets | 79,795.77 | 3,714,115.43 | 3,463,029.63 | 7,256,940.83 |
| Operating revenues | 50,250.88 | 2,351,431.22 | 2,119,306.85 | 4,520,988.95 |
| Operating expenses | 79,634.89 | 2,248,433.03 | 1,666,223.83 | 3,994,291.75 |
| Depreciation expense | 2,600.00 | 316,211.66 | 81,448.97 | 400,260.63 |
| Operating income (loss) | (29,384.01) | 102,998.19 | 453,083.02 | 526,697.20 |
| Nonoperating revenues (expense) | 2,054.55 | 52,076.54 | 21,372.50 | 75,503.59 |
| Transfers | 30,496.00 | (180,882.44) | (14,562.35) | (164,948.79) |
| Change in net assets | 3,166.54 | 220,498.61 | 459,893.17 | 683,558.32 |
| Beginning net assets | 76,629.23 | 3,493,616.82 | 3,003,136.46 | 6,573,382.51 |
| Ending net assets | 79,795.77 | 3,714,115.43 | 3,463,029.63 | 7,256,940.83 |
| Operating activities | (25,849.51) | 656,567.28 | 350,346.67 | 981,064.44 |
| Noncapital and related financing activities | 30,496.00 | (180,882.44) | (14,562.35) | (164,948.79) |
| Capital and related financing activities | | (276,372.17) | (430,040.22) | (706,412.39) |
| Investing activities | 2,054.55 | 63,321.54 | 21,372.50 | 86,748.59 |
| Cash and cash equivalents – beginning | 39,336.77 | 153,712.96 | 197,865.91 | 390,915.64 |
| Cash and cash equivalents – ending | 46,037.81 | 416,347.17 | 124,982.51 | 587,367.49 |

NOTE 12: CAPITAL ASSETS

A summary of changes in governmental capital assets including internal service fund assets are as follows:

| | JULY 1, 2007 | PRIOR PERIOD ADJUSTMENT | ADDITIONS | DELETIONS | TRANSFERS | JUNE 30, 2008 |
|--|----------------------|-------------------------------|---------------------|-------------------|---------------------|----------------------|
| Capital assets not being depreciated | | | | | | |
| Construction in progress | \$ 2,521,296.00 | \$ | \$ 1,126,709.10 | \$ | \$(2,455,282.30) | \$ 1,192,722.80 |
| Land | <u>22,791,753.18</u> | | <u>190,400.00</u> | <u>255,000.00</u> | | <u>22,727,153.18</u> |
| Total capital assets not being depreciated | <u>25,313,049.18</u> | | <u>1,317,109.10</u> | <u>255,000.00</u> | (2,455,282.30) | <u>23,919,875.98</u> |
| Capital assets being depreciated | | | | | | |
| Buildings | 5,596,023.97 | | | | | 5,596,023.97 |
| Improvements | 3,204,552.47 | | 20,168.86 | | 1,255,716.84 | 4,480,438.17 |
| Machinery and equipment | 4,807,670.66 | | 216,786.59 | | | 5,024,457.25 |
| Infrastructure | <u>36,727,304.73</u> | | | <u>117,879.87</u> | <u>1,199,565.46</u> | <u>37,808,990.32</u> |
| Total capital assets being depreciated | <u>50,335,551.83</u> | | <u>236,955.45</u> | <u>117,879.87</u> | <u>2,455,282.30</u> | <u>52,909,909.71</u> |

NOTE 12: **CAPITAL ASSETS** - Continued

| | JULY 1, 2007 | PRIOR PERIOD ADJUSTMENT | ADDITIONS | DELETIONS | TRANSFERS | JUNE 30, 2008 |
|--|-------------------------|-------------------------------|--------------------------|----------------------|---------------------|-------------------------|
| Less: accumulated depreciation | | | | | | |
| Buildings | \$ 1,417,016.80 | \$ | \$ 141,836.97 | \$ | \$ | \$ 1,558,853.77 |
| Improvements | 1,761,641.41 | | 156,148.72 | | | 1,917,790.13 |
| Machinery and equipment | 2,843,742.16 | | 466,077.92 | | | 3,309,820.08 |
| Infrastructure | <u>1,989,892.68</u> | | <u>1,823,454.56</u> | | | <u>3,813,347.24</u> |
| Total accumulated depreciation | <u>8,012,293.05</u> | | <u>2,587,518.17</u> | | | <u>10,599,811.22</u> |
| Total capital assets being depreciated - net | <u>42,323,258.78</u> | | <u>(2,350,562.72)</u> | <u>117,879.87</u> | <u>2,455,282.30</u> | <u>42,310,098.49</u> |
| NET CAPITAL ASSETS | <u>\$ 67,636,307.96</u> | <u>\$</u> | <u>\$(1,033,453.62)</u> | <u>\$ 372,879.87</u> | <u>\$</u> | <u>\$ 66,229,974.47</u> |

Depreciation expense for the governmental activities was charged to the following functions and activities of the primary government:

| GOVERNMENTAL ACTIVITY | AMOUNT |
|---|-----------------------|
| General government | \$ 57,671.20 |
| Public safety | 276,207.10 |
| Public works | 375,764.00 |
| Community development | 1,255.84 |
| Streets | 1,823,454.56 |
| Recreation | <u>53,165.47</u> |
| TOTAL DEPRECIATION EXPENSE GOVERNMENTAL ACTIVITIES | <u>\$2,587,518.17</u> |

A summary of the asset activity for the governmental activity component units are as follows:

| | JULY 1, 2007 | PRIOR PERIOD ADJUSTMENT | ADDITIONS | DELETIONS | TRANSFERS | JUNE 30, 2008 |
|--------------------------------|------------------------|-------------------------------|------------------------|-----------|-----------|------------------------|
| COMPONENT UNITS | | | | | | |
| Land | \$ 375,173.89 | \$ | \$ | \$ | | \$ 375,173.89 |
| Buildings | <u>7,130,753.47</u> | | | | | <u>7,130,753.47</u> |
| Total Capital Assets | <u>7,505,927.36</u> | | | | | <u>7,505,927.36</u> |
| Less: accumulated depreciation | | | | | | |
| Buildings | <u>2,390,718.51</u> | | <u>181,718.95</u> | | | <u>2,572,437.46</u> |
| NET CAPITAL ASSETS | <u>\$ 5,115,208.85</u> | <u>\$</u> | <u>\$(181,718.95)</u> | <u>\$</u> | <u>\$</u> | <u>\$ 4,933,489.90</u> |

NOTE 12: **CAPITAL ASSETS** – Concluded

Capital assets for business-type activities have been summarized as follows:

| | JULY 1, 2007 | ADDITIONS | DELETIONS | TRANSFERS | JUNE 30, 2008 |
|--|------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| BUSINESS-TYPE ACTIVITIES | | | | | |
| Capital assets not being depreciated | | | | | |
| Construction in progress | \$ 874,363.47 | \$ 1,377,219.14 | \$ | \$ (422,076.67) | \$ 1,829,505.94 |
| Land | <u>798,212.75</u> | <u> </u> | <u> </u> | <u> </u> | <u>798,212.75</u> |
| Total capital assets not being depreciated | <u>1,672,576.22</u> | <u>1,377,219.14</u> | <u> </u> | <u>(422,076.67)</u> | <u>2,627,718.69</u> |
| Capital assets being depreciated | | | | | |
| Buildings | 12,121,951.92 | | | | 12,121,951.92 |
| Machinery and equipment | 1,318,438.71 | | | 30,281.88 | 1,348,720.59 |
| Infrastructure | 6,498,177.77 | | | 391,794.79 | 6,889,972.56 |
| Improvements | <u>550,796.93</u> | <u> </u> | <u> </u> | <u>550,796.93</u> | <u> </u> |
| Total capital assets being depreciated | <u>20,489,365.33</u> | <u> </u> | <u>422,076.67</u> | <u>20,911,442.00</u> | <u> </u> |
| Less: accumulated depreciation | | | | | |
| Buildings | 7,213,260.20 | 276,108.02 | | | 7,489,368.22 |
| Machinery and equipment | 1,153,528.69 | 30,690.88 | | | 1,184,219.57 |
| Infrastructure | 3,801,074.59 | 90,239.77 | | | 3,891,314.36 |
| Improvements | <u>516,371.62</u> | <u>3,221.96</u> | <u> </u> | <u>519,593.58</u> | <u> </u> |
| Total accumulated depreciation | <u>12,684,235.10</u> | <u>400,260.63</u> | <u> </u> | <u>13,084,495.73</u> | <u> </u> |
| Total capital assets being depreciated | <u>7,805,130.23</u> | <u>(400,260.63)</u> | <u> </u> | <u>422,076.67</u> | <u>7,826,946.27</u> |
| NET CAPITAL ASSETS | <u>\$ 9,477,706.45</u> | <u>\$ 976,958.51</u> | <u>\$</u> | <u>\$</u> | <u>\$ 10,454,664.96</u> |

Depreciation expense for the business-type activities was charged to the following functions and activities of the primary government:

| GOVERNMENTAL ACTIVITY | AMOUNT |
|--------------------------|----------------------|
| Auto Parking | \$ 2,600.00 |
| Wastewater | 316,211.66 |
| Water | <u>81,448.97</u> |
| | <u>\$ 400,260.63</u> |

NOTE 13: **AMORTIZATION OF CONTRIBUTED CAPITAL**

The City has received grants from state and federal governments for the purpose of constructing and equipping a waste water treatment plant. This plant was completed and placed into service during the year ended June 30, 1985. The contributions are being amortized over the useful lives of the assets acquired.

NOTE 14: TAX INCREMENT FINANCE AUTHORITY (TIFA)

The Tax Increment Finance Authority was established by the Lapeer City Commission on April 19, 1982, in accordance with Act 450 of P.A. 1980. In addition, the Lapeer City Commission designated the members of the Lapeer City Economic Development Corporation Board of Directors to constitute the Board of the Tax Increment Finance Authority (TIFA).

NOTE 15: DOWNTOWN DEVELOPMENT AUTHORITY (DDA)

The Downtown Development Authority was established by the Lapeer City Commission on November 24, 1982, in accordance with Act 197 of P.A. 1975. Its purpose is to serve the best interest of the public in halting property value deterioration and to increase property tax valuation in the City's business district. The Authority will also promote economic growth.

NOTE 16: LOCAL DEVELOPMENT FINANCE AUTHORITY (LDFA)

The Local Development Finance Authority was established by the Lapeer City Commission on April 20, 1987 in accordance with Act 281 of 1986. Its purpose is to provide a means for local units of government to eliminate conditions of unemployment, underemployment, and joblessness and to promote economic growth through the use of Tax Increment Financing.

NOTE 17: BROWNFIELD REDEVELOPMENT AUTHORITY

The Brownfield Redevelopment Authority was established by the Lapeer City Commission on January 19, 1998, in accordance with Act 381 of P.A. 1996. Its purpose is to promote the revitalization of environmentally dis tressed areas.

NOTE 18: LITIGATION

There are several lawsuits pending in which the City is involved. The attorney representing the City estimates that the potential claims against the City, not covered by insurance, resulting from such litigation, would not materially affect the financial statements of the City.

NOTE 19: DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with IRC Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death or unforeseeable emergency.

The City of Lapeer adopted a new 457 plan document, which incorporates the recent changes to the law governing 457 deferred compensation plans. The most notable change in the plan provides that the employer establish a plan level trust in which all amounts deferred must be placed and held for the exclusive benefit of plan participants and their beneficiaries. As a result of this change, the plan assets are no longer subject to claims of the City's general creditors.

All amounts of compensation deferred under the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights are for the exclusive benefit of the employee or their beneficiary.

It is the opinion of the City that the City has no liability for losses under the plan, but does have a duty of care that would be required of an ordinary prudent investor. Therefore, the deferred compensation assets and liabilities have been removed from the City's fiduciary fund as is no longer required to be shown in the financial statements for future years.

NOTE 20: **ECONOMIC DEVELOPMENT CORPORATION**

The Economic Development Corporation is organized pursuant to the State of Michigan, Public Act 338 of 1974, as amended, and the City of Lapeer, Michigan Ordinances. The primary purpose of the Corporation is to encourage and assist commercial enterprises to locate and expand facilities and services to the City and its residents. This purpose is accomplished by the Corporation entering into lease contracts with commercial enterprises. In accordance with the terms of the lease contracts, the Corporation agrees to issue revenue bonds and the commercial enterprise agrees to make lease payments in amounts equal to the bond principal plus interest. The bond proceeds are used to finance a project, which will benefit the commercial enterprise. The ownership of the project is transferred to the commercial enterprise when the bonds are paid in full. The revenue bonds are payable from the net revenues derived from the project and are collateralized by a mortgage on the project and the lease contract.

The bonds issued by the Corporation and payable from net revenues are not a general obligation of the Corporation, therefore, the bonds and related lease contracts are not reflected in the financial statements of the Corporation.

As of December 31, 2007, the date of the most recent audit, the Corporation has issued the following revenue bonds:

| | DATE OF BOND CLOSING | AMOUNT OF REVENUE BONDS ISSUED |
|---------------------------------|----------------------------|--------------------------------------|
| First National Bank of Lapeer | 12/17/79 | \$ 500,000.00 |
| Growth & Opportunity | 11/02/79 | 275,000.00 |
| Peninsular Slate | 12/28/79 | 200,000.00 |
| Doc Development Company | 12/21/79 | 363,000.00 |
| Houghtaling Project | 02/11/80 | 180,000.00 |
| Dowsett Project | 11/10/80 | 300,000.00 |
| The Thread Forms, Inc. Project | 11/06/81 | 400,000.00 |
| MESC Project | 02/28/82 | 323,300.00 |
| Lapeer Foundry & Machine, Inc. | 03/11/82 | 950,000.00 |
| DeMille Industrial Development | 06/18/82 | 200,000.00 |
| The Whitman Project | 06/30/83 | 368,806.00 |
| Growth & Oppor. Inc. II Project | 08/22/83 | 625,000.00 |
| Barnard & Balaze Project | 12/28/83 | 209,000.00 |
| J.L. Avery Project | 01/05/84 | 250,000.00 |
| Lapeer Medical Center | 01/17/84 | 475,000.00 |
| Growth & Opportunity, Inc. | 02/13/84 | 600,000.00 |
| C & P Partnership Project | 06/26/85 | 616,000.00 |
| Copres Leasing Company | 12/30/85 | 806,000.00 |
| The Lapeer Association, Ltd. | 06/20/86 | 1,500,000.00 |
| Lapeer Enterprise Center | 12/29/86 | 298,531.00 |
| Albar Industries Inc. | 11/15/89 | 3,500,000.00 |
| Dott Manufacturing | 11/15/89 | 4,128,000.00 |
| Lapeer Regional Hospital | 06/01/91 | 1,980,170.00 |
| Vidon Plastics | 07/05/95 | 1,075,000.00 |
| JMA Development, Inc. | 09/22/95 | 1,347,000.00 |
| JMA Development, Inc. | 06/17/99 | 4,000,000.00 |
| H&H Tool | 12/23/04 | 2,800,000.00 |
| H&H Tool | 08/31/07 | 9,870,000.00 |

NOTE 21: POST EMPLOYMENT BENEFITS

The City of Lapeer offers post-employment health insurance benefits to its employees. These benefits are provided by contractual agreement and are paid annually by the General Fund. The City funds these costs on a pay-as-you-go basis. The amounts are recorded as an expenditure when the fund liability is incurred. The benefit amounts incurred totaled \$400,604.69 during the year ended June 30, 2008. The total number of eligible retirees amounted to thirty-five at June 30, 2008. The City pays 100% of these costs. There are no provisions for employee contributions. The City has recorded a liability of \$13,397,989.00 for this benefit, based on an independent actuarial valuation. The City of Lapeer has established a Retirement Health Funding Vehicle with the Municipal Employees' Retirement System of Michigan. The Funding Vehicle had a balance of \$65,855.30 at June 30, 2008. The City of Lapeer did not meet its Annual Required Contribution (ARC) requirements in 2007 by \$813,877.01.

Annually, the City contributes to the Retirement Health Funding Vehicle the budgeted retiree health premiums plus an addition contribution of \$50,000.00. Quarterly, the City draws a reimbursement for the actual premiums paid. Employee contracts for AFSCME, P.O.L.C., and Teamsters effective July 1, 2007, no longer provide for paid retiree health insurance for new employees upon retirement. New employees will have the option of establishing a Health Savings Account in which the City will annually match their contribution up to 1% of their wage. If the employee does not vest in the system, the City contribution is forfeited.

NOTE 22: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the City to purchase commercial insurance for most risks of loss to which it is exposed.

NOTE 23: FUND DEFICITS

2008 Special Assessment Construction \$(93.00)

NOTE 24: CONTINUING DISCLOSURE COMPLIANCE

The schedules in the continuing disclosure section fulfill the continuing disclosure requirements for the various bond issues listed below:

1998 TIFA Revenue
1998 General Obligation and Special Assessment Bonds
2001 Building Authority
2002 Building Authority Refunding

NOTE 25: PRIOR PERIOD ADJUSTMENT

Local Development Finance Authority \$9,051.00

This is to record amount that should have been a due to in 2007.

Statement of Activities \$(13,397,989.00)

This is to record the liability of retiree health benefits.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2008

| | BUDGETED AMOUNTS | | | VARIANCE FAVORABLE (UNFAVORABLE) |
|----------------------------|-------------------------|---------------------|---------------------|---|
| | ORIGINAL | FINAL | ACTUAL | |
| REVENUES | | | | |
| Taxes | | | | |
| Property taxes | \$ 2,850,653.00 | \$ 2,850,653.00 | \$ 2,808,582.22 | \$ (42,070.78) |
| Penalties and interest | 50,000.00 | 50,000.00 | 83,337.74 | 33,337.74 |
| City income taxes | <u>2,300,000.00</u> | <u>2,300,000.00</u> | <u>2,393,803.38</u> | <u>93,803.38</u> |
| Total Taxes | <u>5,200,653.00</u> | <u>5,200,653.00</u> | <u>5,285,723.34</u> | <u>85,070.34</u> |
| Federal Grants | | | | |
| Federal Drug Grant (TNU) | 24,000.00 | 24,000.00 | 34,937.00 | 10,937.00 |
| MSHDA Section 8 | 59,000.00 | 95,500.00 | 104,356.00 | 8,856.00 |
| Highway safety | 2,000.00 | 2,000.00 | 12,025.29 | 10,025.29 |
| School liaison officer | <u>26,000.00</u> | <u>26,000.00</u> | <u>25,920.00</u> | <u>(80.00)</u> |
| Total Federal Grants | <u>111,000.00</u> | <u>147,500.00</u> | <u>177,238.29</u> | <u>29,738.29</u> |
| Licenses and Permits | | | | |
| Licenses | 500.00 | 500.00 | 2,005.00 | 1,505.00 |
| Permits | <u>10,350.00</u> | <u>10,350.00</u> | <u>6,257.00</u> | <u>(4,093.00)</u> |
| Total Licenses and Permits | <u>10,850.00</u> | <u>10,850.00</u> | <u>8,262.00</u> | <u>(2,588.00)</u> |
| Intergovernmental | | | | |
| Sales tax | 729,613.00 | 729,613.00 | 784,522.00 | 54,909.00 |
| Liquor licenses | <u>9,400.00</u> | <u>9,400.00</u> | <u>10,595.20</u> | <u>1,195.20</u> |
| Total Intergovernmental | <u>739,013.00</u> | <u>739,013.00</u> | <u>795,117.20</u> | <u>56,104.20</u> |
| Charges for Services | | | | |
| Administrative fees | 360,301.00 | 360,301.00 | 360,753.24 | 452.24 |
| Copies | 4,000.00 | 4,000.00 | 4,562.50 | 562.50 |
| Fire runs and protection | 371,000.00 | 371,000.00 | 370,085.88 | (914.12) |
| IFT application fee | 1,500.00 | 1,500.00 | 5,500.00 | 4,000.00 |
| Other fees | 34,058.00 | 34,058.00 | 32,803.46 | (1,254.54) |
| Cable franchise fees | <u>70,000.00</u> | <u>70,000.00</u> | <u>81,491.69</u> | <u>11,491.69</u> |
| Total Charges for Services | <u>840,859.00</u> | <u>840,859.00</u> | <u>855,196.77</u> | <u>14,337.77</u> |
| Fines and Forfeits | | | | |
| Court fines | <u>45,500.00</u> | <u>45,500.00</u> | <u>67,973.54</u> | <u>22,473.54</u> |

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

GENERAL FUND - Continued

FOR THE YEAR ENDED JUNE 30, 2008

| | BUDGETED AMOUNTS | | | VARIANCE FAVORABLE (UNFAVORABLE) |
|---|-------------------------|---------------------|---------------------|---|
| | ORIGINAL | FINAL | ACTUAL | |
| REVENUES - Concluded | | | | |
| Other Revenues | | | | |
| Interest on investments | \$ 100,000.00 | \$ 100,000.00 | \$ 121,825.51 | \$ 21,825.51 |
| Rentals | 11,571.00 | 11,571.00 | 14,077.00 | 2,506.00 |
| Reimbursements | 80,500.00 | 83,100.00 | 128,029.37 | 44,929.37 |
| Miscellaneous | | | 8,184.57 | 8,184.57 |
| Sale of tax map books | | | 27.00 | 27.00 |
| Contributions | 6,500.00 | 6,500.00 | 6,590.85 | 90.85 |
| Total Other Revenues | 198,571.00 | 201,171.00 | 278,734.30 | 77,563.30 |
| TOTAL REVENUES | 7,146,446.00 | 7,185,546.00 | 7,468,245.44 | 282,699.44 |
| EXPENDITURES | | | | |
| General Government | | | | |
| Legislative | 68,450.00 | 68,450.00 | 55,700.67 | 12,749.33 |
| Executive/Clerk | 451,763.00 | 453,626.00 | 404,907.46 | 48,718.54 |
| Assessor's office | 206,591.00 | 207,834.00 | 185,169.32 | 22,664.68 |
| Income tax | 182,615.00 | 183,858.00 | 178,594.55 | 5,263.45 |
| Attorney/Jury-Witness | 141,760.00 | 141,760.00 | 151,236.72 | (9,476.72) |
| Elections | 31,034.00 | 33,634.00 | 21,937.12 | 11,696.88 |
| City Hall | 119,205.00 | 119,825.00 | 88,397.73 | 31,427.27 |
| Board of review | 3,178.00 | 3,178.00 | 945.28 | 2,232.72 |
| Accounting and data processing | 439,870.00 | 442,975.00 | 444,342.64 | (1,367.64) |
| Cable advisory board | 1,100.00 | 1,100.00 | 1,666.00 | (566.00) |
| Total General Government | 1,645,566.00 | 1,656,240.00 | 1,532,897.49 | 123,342.51 |
| Public Safety | | | | |
| Police | 2,347,982.00 | 2,362,256.00 | 2,368,076.04 | (5,820.04) |
| Fire | 676,512.00 | 681,730.00 | 660,598.59 | 21,131.41 |
| Total Public Safety | 3,024,494.00 | 3,043,986.00 | 3,028,674.63 | 15,311.37 |
| Public Works | | | | |
| Public services | 927,448.00 | 931,793.00 | 824,568.74 | 107,224.26 |
| Community development and enrichment | 476,390.00 | 507,303.00 | 490,908.18 | 16,394.82 |
| Other Functions | | | | |
| Contingency | 1,000.00 | 1,000.00 | | 1,000.00 |
| Contributions to other units | 61,841.00 | 61,841.00 | 64,341.77 | (2,500.77) |
| Total Other Functions | 62,841.00 | 62,841.00 | 64,341.77 | (1,500.77) |
| TOTAL EXPENDITURES | 6,136,739.00 | 6,202,163.00 | 5,941,390.81 | 260,772.19 |

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

GENERAL FUND - Concluded

FOR THE YEAR ENDED JUNE 30, 2008

| | <u>BUDGETED AMOUNTS</u> | | | VARIANCE FAVORABLE (UNFAVORABLE) |
|---|-------------------------------|-------------------------------|-------------------------------|--|
| | ORIGINAL | FINAL | ACTUAL | |
| EXCESS OF REVENUES OVER EXPENDITURES | \$ 1,009,707.00 | \$ 983,383.00 | \$ 1,526,854.63 | \$ 543,471.63 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | 684,677.00 | 684,677.00 | 698,289.13 | 13,612.13 |
| Operating transfers out | <u>(2,254,730.00)</u> | <u>(2,283,230.00)</u> | <u>(2,282,422.54)</u> | <u>807.46</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(1,570,053.00)</u> | <u>(1,598,553.00)</u> | <u>(1,584,133.41)</u> | <u>14,419.59</u> |
| DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | (560,346.00) | (615,170.00) | (57,278.78) | 557,891.22 |
| FUND BALANCE, JULY 1 | <u>2,063,038.29</u> | <u>2,063,038.29</u> | <u>2,063,038.29</u> | |
| FUND BALANCE, JUNE 30 | \$ <u><u>1,502,692.29</u></u> | \$ <u><u>1,447,868.29</u></u> | \$ <u><u>2,005,759.51</u></u> | \$ <u><u>557,891.22</u></u> |

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

PARKS AND RECREATION FUND

FOR THE YEAR ENDED JUNE 30, 2008

| | <u>BUDGETED AMOUNTS</u> | | | <u>VARIANCE</u> |
|---------------------------|-------------------------|----------------------|----------------------|----------------------|
| | <u>ORIGINAL</u> | <u>FINAL</u> | <u>ACTUAL</u> | <u>FAVORABLE</u> |
| | | | | <u>(UNFAVORABLE)</u> |
| REVENUES | | | | |
| Charges for services | \$ 1,194,100.00 | \$ 1,194,100.00 | \$ 1,194,512.44 | \$ 412.44 |
| Interest and rent | 49,800.00 | 49,800.00 | 56,271.58 | 6,471.58 |
| Other revenues | 28,000.00 | 83,118.00 | 73,088.31 | (10,029.69) |
| Intergovernmental - state | <u>100,000.00</u> | <u>250,000.00</u> | <u>3,379.00</u> | <u>(246,621.00)</u> |
| TOTAL REVENUES | <u>1,371,900.00</u> | <u>1,577,018.00</u> | <u>1,327,251.33</u> | <u>(249,766.67)</u> |
| EXPENDITURES | | | | |
| Culture and recreation | <u>2,121,587.00</u> | <u>2,401,135.00</u> | <u>1,966,979.07</u> | <u>434,155.93</u> |
| DEFICIENCY | | | | |
| OF REVENUES OVER | | | | |
| EXPENDITURES | <u>(749,687.00)</u> | <u>(824,117.00)</u> | <u>(639,727.74)</u> | <u>184,389.26</u> |
| OTHER FINANCING | | | | |
| SOURCES (USES) | | | | |
| Operating transfers in | <u>519,258.00</u> | <u>589,258.00</u> | <u>528,875.61</u> | <u>(60,382.39)</u> |
| DEFICIENCY OF REVENUES | | | | |
| AND OTHER SOURCES | | | | |
| OVER EXPENDITURES | | | | |
| AND OTHER USES | (230,429.00) | (234,859.00) | (110,852.13) | 124,006.87 |
| FUND BALANCE, JULY 1 | <u>414,965.47</u> | <u>414,965.47</u> | <u>414,965.47</u> | |
| FUND BALANCE, JUNE 30 | <u>\$ 184,536.47</u> | <u>\$ 180,106.47</u> | <u>\$ 304,113.34</u> | <u>\$ 124,006.87</u> |

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GENERAL FUND

The General Fund exists to account for the resources devoted to finance the services traditionally associated with local government. Included in these services are police and fire protection, public works and general administration of the City. Any other activity for which a special fund has not been created is accounted for in the General Fund.

CITY OF LAPEER, MICHIGAN

BALANCE SHEET

GENERAL FUND

JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

| | 2008 | 2007 |
|---|-------------------------------|-------------------------------|
| ASSETS | | |
| Cash | \$ 918,784.44 | \$ 686,483.80 |
| Investments | 1,000,000.00 | 1,206,000.00 |
| Receivables | | |
| Accounts | 55,300.88 | 75,714.97 |
| Property taxes | 32,129.52 | 269,898.92 |
| Due from other funds | 61,738.60 | 45,162.15 |
| Due from other governmental units | 13,790.97 | 10,589.49 |
| Due from state | 109,499.54 | 112,209.72 |
| Inventory | 15,635.21 | 16,611.24 |
| Prepaid expense | <u>135,443.46</u> | <u>92,047.22</u> |
| TOTAL ASSETS | \$ <u>2,342,322.62</u> | \$ <u>2,514,717.51</u> |
| LIABILITIES AND FUND BALANCE | | |
| LIABILITIES | | |
| Accounts payable | \$ 127,569.52 | \$ 79,358.76 |
| Accrued payroll and payroll taxes | 99,215.87 | 77,371.67 |
| Due to other funds | 7,125.99 | 17,599.94 |
| Due to other units | 19,922.83 | 155,173.81 |
| Security deposits | 78,280.75 | 61,445.75 |
| Deferred revenue | | 5,019.00 |
| Due to state | <u>4,448.15</u> | <u>55,710.29</u> |
| TOTAL LIABILITIES | <u>336,563.11</u> | <u>451,679.22</u> |
| FUND BALANCE | | |
| Reserved | | |
| Receivables | 55,300.88 | 75,714.97 |
| Prepaid expenses | 135,443.46 | 92,047.22 |
| Inventory | 15,635.21 | 16,611.24 |
| Unreserved - undesignated | <u>1,799,379.96</u> | <u>1,878,664.86</u> |
| TOTAL FUND BALANCE | <u>2,005,759.51</u> | <u>2,063,038.29</u> |
| TOTAL LIABILITIES AND FUND BALANCE | \$ <u>2,342,322.62</u> | \$ <u>2,514,717.51</u> |

CITY OF LAPEER, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

| | 2008 | | VARIANCE | 2007 |
|----------------------------|-----------------|-----------------|----------------------------|-----------------|
| | BUDGET | ACTUAL | FAVORABLE (UNFAVORABLE) | ACTUAL |
| REVENUES | | | | |
| Taxes | | | | |
| Property taxes | \$ 2,850,653.00 | \$ 2,808,582.22 | \$ (42,070.78) | \$ 2,713,467.58 |
| Penalties and interest | 50,000.00 | 83,337.74 | 33,337.74 | 64,614.78 |
| City income taxes | 2,300,000.00 | 2,393,803.38 | 93,803.38 | 2,177,324.41 |
| Total Taxes | 5,200,653.00 | 5,285,723.34 | 85,070.34 | 4,955,406.77 |
| Federal Grants | | | | |
| Federal Drug Grant (TNU) | 24,000.00 | 34,937.00 | 10,937.00 | 36,686.12 |
| MSHDA Section 8 | 95,500.00 | 104,356.00 | 8,856.00 | 58,421.00 |
| Highway safety | 2,000.00 | 12,025.29 | 10,025.29 | 12,848.23 |
| School liaison officer | 26,000.00 | 25,920.00 | (80.00) | 28,000.00 |
| Total Federal Grants | 147,500.00 | 177,238.29 | 29,738.29 | 135,955.35 |
| Licenses and Permits | | | | |
| Licenses | 500.00 | 2,005.00 | 1,505.00 | 3,269.00 |
| Permits | 10,350.00 | 6,257.00 | (4,093.00) | 8,065.00 |
| Total Licenses and Permits | 10,850.00 | 8,262.00 | (2,588.00) | 11,334.00 |
| Intergovernmental | | | | |
| Sales tax | 729,613.00 | 784,522.00 | 54,909.00 | 801,727.00 |
| Liquor licenses | 9,400.00 | 10,595.20 | 1,195.20 | 9,896.70 |
| Total Intergovernmental | 739,013.00 | 795,117.20 | 56,104.20 | 811,623.70 |
| Charges for Services | | | | |
| Administrative fees | 360,301.00 | 360,753.24 | 452.24 | 357,024.23 |
| Copies | 4,000.00 | 4,562.50 | 562.50 | 5,253.00 |
| Fire runs and protection | 371,000.00 | 370,085.88 | (914.12) | 377,427.05 |
| IFT application fee | 1,500.00 | 5,500.00 | 4,000.00 | 2,000.00 |
| Other fees | 34,058.00 | 32,803.46 | (1,254.54) | 31,041.84 |
| Cable franchise fees | 70,000.00 | 81,491.69 | 11,491.69 | 78,600.62 |
| Total Charges for Services | 840,859.00 | 855,196.77 | 14,337.77 | 851,346.74 |
| Fines and Forfeits | | | | |
| Court fines | 45,500.00 | 67,973.54 | 22,473.54 | 59,398.80 |

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

GENERAL FUND - Continued

FOR THE YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

| | <u>2008</u> | | <u>2007</u> | |
|---|---------------------|---------------------|--|---------------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE</u> | <u>ACTUAL</u> |
| | | | <u>FAVORABLE</u> <u>(UNFAVORABLE)</u> | |
| REVENUES - Concluded | | | | |
| Other Revenues | | | | |
| Interest on investments | \$ 100,000.00 | \$ 121,825.51 | \$ 21,825.51 | \$ 151,292.80 |
| Rentals | 11,571.00 | 14,077.00 | 2,506.00 | 11,572.00 |
| Reimbursements | 83,100.00 | 128,029.37 | 44,929.37 | 108,629.85 |
| Sale of assets | | | | 16,650.00 |
| Miscellaneous | | 8,184.57 | 8,184.57 | 48,708.44 |
| Sale of tax map books | | 27.00 | 27.00 | 26.00 |
| Contributions | 6,500.00 | 6,590.85 | 90.85 | 6,976.67 |
| Total Other Revenues | <u>201,171.00</u> | <u>278,734.30</u> | <u>77,563.30</u> | <u>343,855.76</u> |
| TOTAL REVENUES | <u>7,185,546.00</u> | <u>7,468,245.44</u> | <u>282,699.44</u> | <u>7,168,921.12</u> |
| EXPENDITURES | | | | |
| General Government | | | | |
| Legislative | 68,450.00 | 55,700.67 | 12,749.33 | 50,722.16 |
| Executive/Clerk | 453,626.00 | 404,907.46 | 48,718.54 | 380,614.93 |
| Assessor's office | 207,834.00 | 185,169.32 | 22,664.68 | 176,117.83 |
| Income tax | 183,858.00 | 178,594.55 | 5,263.45 | 150,064.96 |
| Attorney/Jury-Witness | 141,760.00 | 151,236.72 | (9,476.72) | 159,106.83 |
| Elections | 33,634.00 | 21,937.12 | 11,696.88 | 11,911.73 |
| City Hall | 119,825.00 | 88,397.73 | 31,427.27 | 135,045.49 |
| Board of Review | 3,178.00 | 945.28 | 2,232.72 | 1,031.87 |
| Accounting and data processing | 442,975.00 | 444,342.64 | (1,367.64) | 438,453.32 |
| Cable Advisory Board | 1,100.00 | 1,666.00 | (566.00) | 974.00 |
| Total General Government | <u>1,656,240.00</u> | <u>1,532,897.49</u> | <u>123,342.51</u> | <u>1,504,043.12</u> |
| Public Safety | | | | |
| Police | 2,362,256.00 | 2,368,076.04 | (5,820.04) | 2,234,822.30 |
| Fire | 681,730.00 | 660,598.59 | 21,131.41 | 643,130.23 |
| Total Public Safety | <u>3,043,986.00</u> | <u>3,028,674.63</u> | <u>15,311.37</u> | <u>2,877,952.53</u> |
| Public Works | | | | |
| Public services | 931,793.00 | 824,568.74 | 107,224.26 | 824,877.67 |
| Community development and enrichment | 507,303.00 | 490,908.18 | 16,394.82 | 467,626.81 |
| Other Functions | | | | |
| Contingency | 1,000.00 | | 1,000.00 | |
| Contributions to other units | 61,841.00 | 64,341.77 | (2,500.77) | 88,487.35 |
| Total Other Functions | <u>62,841.00</u> | <u>64,341.77</u> | <u>(1,500.77)</u> | <u>88,487.35</u> |
| TOTAL EXPENDITURES | <u>6,202,163.00</u> | <u>5,941,390.81</u> | <u>260,772.19</u> | <u>5,762,987.48</u> |

CITY OF LAPEER, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND - Concluded
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

| | <u>2008</u> | | | <u>2007</u> |
|--|-------------------------------|-------------------------------|---|-------------------------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> | <u>ACTUAL</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | \$ <u>983,383.00</u> | \$ <u>1,526,854.63</u> | \$ <u>543,471.63</u> | \$ <u>1,405,933.64</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | 684,677.00 | 698,289.13 | 13,612.13 | 368,377.09 |
| Operating transfers out | <u>(2,283,230.00)</u> | <u>(2,282,422.54)</u> | <u>807.46</u> | <u>(2,327,645.50)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(1,598,553.00)</u> | <u>(1,584,133.41)</u> | <u>14,419.59</u> | <u>(1,959,268.41)</u> |
| DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | (615,170.00) | (57,278.78) | 557,891.22 | (553,334.77) |
| FUND BALANCE, JULY 1 | <u>2,063,038.29</u> | <u>2,063,038.29</u> | | <u>2,616,373.06</u> |
| FUND BALANCE, JUNE 30 | \$ <u><u>1,447,868.29</u></u> | \$ <u><u>2,005,759.51</u></u> | \$ <u><u>557,891.22</u></u> | \$ <u><u>2,063,038.29</u></u> |

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SPECIAL REVENUE FUNDS

Special Revenue Funds are used to finance particular activities and are created out of receipts of specific taxes or other earmarked revenues. Such funds are authorized by statutory or charter provisions to pay for certain activities with some special form of continuing revenues.

The Special Revenue Funds of the City are: Major Street, Local Street, Parks and Recreation, Mt. Hope Cemetery, Youth Mini-Grant, Building Department, Oakdale Development, Police K9 Program, Drug Law Enforcement, D.A.R.E., Site Plan Review, General Forfeiture, Public Safety Training, and Housing Resource.

CITY OF LAPEER, MICHIGAN

COMBINING BALANCE SHEET

SPECIAL REVENUE FUNDS

JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

| | MAJOR STREET | LOCAL STREET | PARKS AND RECREATION | MT. HOPE CEMETERY |
|---------------------------------------|----------------------|----------------------|----------------------------|----------------------|
| ASSETS | | | | |
| Cash | \$ 143,644.15 | \$ 154,802.40 | \$ 317,039.83 | \$ 96,794.17 |
| Investments | 300,000.00 | | | |
| Accounts receivable | 1,917.57 | | 61,066.51 | 1,551.42 |
| Due from other funds | 17,062.74 | 2,312.40 | 47,697.41 | 2,139.70 |
| Due from state | 93,047.74 | 23,270.70 | | |
| Prepaid expenses | <u>545.18</u> | <u>545.18</u> | <u>19,980.50</u> | <u>418.26</u> |
| TOTAL ASSETS | <u>\$ 556,217.38</u> | <u>\$ 180,930.68</u> | <u>\$ 445,784.25</u> | <u>\$ 100,903.55</u> |
| LIABILITIES AND FUND BALANCE | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ 33,611.77 | \$ 1,640.13 | \$ 117,667.75 | \$ 48,294.43 |
| Payroll and taxes payable | 2,776.88 | 1,572.42 | 24,003.16 | 2,249.74 |
| Deferred revenue | <u></u> | <u></u> | <u></u> | <u></u> |
| TOTAL LIABILITIES | <u>36,388.65</u> | <u>3,212.55</u> | <u>141,670.91</u> | <u>50,544.17</u> |
| FUND BALANCE | | | | |
| Unreserved | <u>519,828.73</u> | <u>177,718.13</u> | <u>304,113.34</u> | <u>50,359.38</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 556,217.38</u> | <u>\$ 180,930.68</u> | <u>\$ 445,784.25</u> | <u>\$ 100,903.55</u> |

| YOUTH MINI-GRANT | BUILDING DEPARTMENT | OAKDALE DEVELOPMENT | POLICE K-9 PROGRAM | DRUG LAW ENFORCEMENT |
|-------------------------|----------------------------|----------------------------|---------------------------|----------------------------|
| \$ 526.43 | \$ 17,691.26 | \$ 18,818.99 | \$ 8,657.03 | \$ 14,636.11 |
| | | 15,430.81 | | |
| <u>526.43</u> | <u>1,326.57</u> | <u>7,815.53</u> | <u>8,657.03</u> | <u>14,636.11</u> |
| \$ <u><u>526.43</u></u> | \$ <u><u>19,017.83</u></u> | \$ <u><u>42,065.33</u></u> | \$ <u><u>8,657.03</u></u> | \$ <u><u>14,636.11</u></u> |
| | | | | |
| \$ | \$ 224.06 | \$ 12,140.71 | \$ | \$ 222.80 |
| | 2,796.91 | 624.19 | | |
| <u>526.43</u> | <u>3,020.97</u> | <u>13,750.00</u> | <u>8,657.03</u> | <u>222.80</u> |
| | | <u>26,514.90</u> | | |
| <u>526.43</u> | <u>15,996.86</u> | <u>15,550.43</u> | <u>8,657.03</u> | <u>14,413.31</u> |
| \$ <u><u>526.43</u></u> | \$ <u><u>19,017.83</u></u> | \$ <u><u>42,065.33</u></u> | \$ <u><u>8,657.03</u></u> | \$ <u><u>14,636.11</u></u> |

CITY OF LAPEER, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - Concluded
JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

| | D.A.R.E. | SITE PLAN REVIEW | GENERAL FORFEITURE | PUBLIC SAFETY TRAINING |
|---|---------------------|---------------------|-----------------------|------------------------------|
| ASSETS | | | | |
| Cash | \$ 12,212.81 | \$ 6,800.88 | \$ 5,414.18 | \$ 437.59 |
| Investments | | | | |
| Accounts receivable | | 3,892.00 | | |
| Due from other funds | | | | |
| Due from state | | | | |
| Prepaid expenses | | | | |
| TOTAL ASSETS | <u>\$ 12,212.81</u> | <u>\$ 10,692.88</u> | <u>\$ 5,414.18</u> | <u>\$ 437.59</u> |
| LIABILITIES AND FUND BALANCE | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ | \$ 1,910.00 | \$ | \$ |
| Payroll and taxes payable | | | | |
| Deferred revenue | | | | |
| TOTAL LIABILITIES | | <u>1,910.00</u> | | |
| FUND BALANCE | | | | |
| Unreserved | <u>12,212.81</u> | <u>8,782.88</u> | <u>5,414.18</u> | <u>437.59</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 12,212.81</u> | <u>\$ 10,692.88</u> | <u>\$ 5,414.18</u> | <u>\$ 437.59</u> |

| HOUSING RESOURCE | TOTAL SPECIAL REVENUE 2008 | ELIMINATION OF MAJOR FUNDS | TOTAL NON- MAJOR SPECIAL REVENUE 2008 | TOTAL SPECIAL REVENUE 2007 |
|---------------------|----------------------------------|----------------------------------|--|-------------------------------------|
| \$ 31,065.27 | \$ 828,541.10 | \$ (317,039.83) | \$ 511,501.27 | \$ 888,926.94 |
| | 300,000.00 | | 300,000.00 | |
| | 68,427.50 | (61,066.51) | 7,360.99 | 115,088.18 |
| | 84,643.06 | (47,697.41) | 36,945.65 | 310,194.92 |
| | 116,318.44 | | 116,318.44 | 536,042.80 |
| | 30,631.22 | (19,980.50) | 10,650.72 | 14,873.18 |
| <u>31,065.27</u> | <u>1,428,561.32</u> | <u>(445,784.25)</u> | <u>982,777.07</u> | <u>1,865,126.02</u> |
| \$ 31,065.27 | \$ 1,428,561.32 | \$ (445,784.25) | \$ 982,777.07 | \$ 1,865,126.02 |
| | | | | |
| \$ | \$ 215,711.65 | \$ (117,667.75) | \$ 98,043.90 | \$ 425,525.39 |
| | 34,023.30 | (24,003.16) | 10,020.14 | 24,587.81 |
| | 13,750.00 | | 13,750.00 | 31,126.00 |
| <u></u> | <u>263,484.95</u> | <u>(141,670.91)</u> | <u>121,814.04</u> | <u>481,239.20</u> |
| <u>31,065.27</u> | <u>1,165,076.37</u> | <u>(304,113.34)</u> | <u>860,963.03</u> | <u>1,383,886.82</u> |
| \$ 31,065.27 | \$ 1,428,561.32 | \$ (445,784.25) | \$ 982,777.07 | \$ 1,865,126.02 |

CITY OF LAPEER, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007

| | MAJOR STREET | LOCAL STREET | PARKS AND RECREATION | MT. HOPE CEMETERY |
|--|----------------------|----------------------|----------------------------|----------------------|
| REVENUES | | | | |
| Charges for services | \$ | \$ | \$ 1,194,512.44 | \$ 48,901.67 |
| Intergovernmental | | | | |
| Federal | 122,525.00 | 63,337.00 | | |
| State | 501,951.36 | 142,013.93 | 3,379.00 | |
| Interest and rent | 9,270.54 | 3,938.25 | 56,271.58 | 4,623.04 |
| Donations | 58,087.31 | | 51,644.51 | |
| Other revenue | | | 21,443.80 | |
| TOTAL REVENUES | <u>691,834.21</u> | <u>209,289.18</u> | <u>1,327,251.33</u> | <u>53,524.71</u> |
| EXPENDITURES | | | | |
| Highways and streets | 1,022,851.43 | 557,391.61 | | |
| Culture and recreation | | | 1,966,979.07 | |
| Health and welfare | | | | 233,346.41 |
| Community development and enrichment | | | | |
| Public safety | | | | |
| TOTAL EXPENDITURES | <u>1,022,851.43</u> | <u>557,391.61</u> | <u>1,966,979.07</u> | <u>233,346.41</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(331,017.22)</u> | <u>(348,102.43)</u> | <u>(639,727.74)</u> | <u>(179,821.70)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | 750,979.80 | 254,485.06 | 528,875.61 | 140,480.23 |
| Operating transfers out | <u>(327,511.00)</u> | <u>(53,428.00)</u> | | |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>423,468.80</u> | <u>201,057.06</u> | <u>528,875.61</u> | <u>140,480.23</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | 92,451.58 | (147,045.37) | (110,852.13) | (39,341.47) |
| RESIDUAL EQUITY TRANSFER | | | | |
| FUND BALANCE, JULY 1 | <u>427,377.15</u> | <u>324,763.50</u> | <u>414,965.47</u> | <u>89,700.85</u> |
| FUND BALANCE, JUNE 30 | <u>\$ 519,828.73</u> | <u>\$ 177,718.13</u> | <u>\$ 304,113.34</u> | <u>\$ 50,359.38</u> |

| YOUTH MINI-GRANT | BUILDING DEPARTMENT | OAKDALE DEVELOPMENT | POLICE K-9 PROGRAM | DRUG LAW ENFORCEMENT |
|-------------------------|----------------------------|----------------------------|---------------------------|----------------------------|
| \$ | \$ 52,691.61 | \$ | \$ | \$ |
| 29.98 | 850.33 | 55,368.15 | 398.48 | 561.32 |
| <u>29.98</u> | <u>53,541.94</u> | <u>55,368.15</u> | <u>398.48</u> | <u>2,906.00</u> |
| | | | | <u>3,467.32</u> |
| | 137,567.02 | 75,833.68 | 1,225.00 | 910.95 |
| <u></u> | <u>137,567.02</u> | <u>75,833.68</u> | <u>1,225.00</u> | <u>910.95</u> |
| <u>29.98</u> | <u>(84,025.08)</u> | <u>(20,465.53)</u> | <u>(826.52)</u> | <u>2,556.37</u> |
| 5,000.00 (5,000.00) | 62,000.00 (10,000.00) | 47,028.68 (26,195.00) | 1,750.00 | |
| <u></u> | <u>52,000.00</u> | <u>20,833.68</u> | <u>1,750.00</u> | <u></u> |
| 29.98 | (32,025.08) | 368.15 | 923.48 | 2,556.37 |
| | 2,153.48 | | | |
| <u>496.45</u> | <u>45,868.46</u> | <u>15,182.28</u> | <u>7,733.55</u> | <u>11,856.94</u> |
| \$ <u><u>526.43</u></u> | \$ <u><u>15,996.86</u></u> | \$ <u><u>15,550.43</u></u> | \$ <u><u>8,657.03</u></u> | \$ <u><u>14,413.31</u></u> |

CITY OF LAPEER, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS - Concluded
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007

| | D.A.R.E. | SITE PLAN REVIEW | GENERAL FORFEITURE | PUBLIC SAFETY TRAINING |
|--|---------------------|---------------------|-----------------------|------------------------------|
| REVENUES | | | | |
| Charges for services | \$ | \$ 2,967.50 | \$ | \$ |
| Intergovernmental | | | | |
| Federal | | | | |
| State | | | | 4,666.20 |
| Interest and rent | 507.71 | | 221.33 | 32.31 |
| Donations | 1,000.00 | | | |
| Other revenue | | 12,307.25 | 165.00 | |
| TOTAL REVENUES | <u>1,507.71</u> | <u>15,274.75</u> | <u>386.33</u> | <u>4,698.51</u> |
| EXPENDITURES | | | | |
| Highways and streets | | | | |
| Culture and recreation | | | | |
| Health and welfare | | | | |
| Community development and enrichment | | 19,411.75 | | |
| Public safety | 446.74 | | | 4,666.20 |
| TOTAL EXPENDITURES | <u>446.74</u> | <u>19,411.75</u> | | <u>4,666.20</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>1,060.97</u> | <u>(4,137.00)</u> | <u>386.33</u> | <u>32.31</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | | 28,500.00 | | |
| Operating transfers out | | (13,426.64) | | |
| TOTAL OTHER FINANCING SOURCES (USES) | | <u>15,073.36</u> | | |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | 1,060.97 | 10,936.36 | 386.33 | 32.31 |
| RESIDUAL EQUITY TRANSFER | | (2,153.48) | | |
| FUND BALANCE, JULY 1 | <u>11,151.84</u> | | <u>5,027.85</u> | <u>405.28</u> |
| FUND BALANCE, JUNE 30 | <u>\$ 12,212.81</u> | <u>\$ 8,782.88</u> | <u>\$ 5,414.18</u> | <u>\$ 437.59</u> |

| HOUSING RESOURCE | TOTAL SPECIAL REVENUE 2008 | ELIMINATION OF MAJOR FUNDS | TOTAL NON- MAJOR SPECIAL REVENUE 2008 | TOTAL SPECIAL REVENUE 2007 |
|---------------------|----------------------------------|----------------------------------|--|-------------------------------------|
| \$ | \$ 1,299,073.22 | \$ (1,194,512.44) | \$ 104,560.78 | \$ 1,286,733.99 |
| 190,136.00 | 375,998.00 | | 375,998.00 | 190,041.00 |
| 15,360.00 | 667,370.49 | (3,379.00) | 663,991.49 | 928,414.58 |
| | 132,073.02 | (56,271.58) | 75,801.44 | 140,047.45 |
| | 110,731.82 | (51,644.51) | 59,087.31 | 257,295.57 |
| 62,405.00 | 99,227.05 | (21,443.80) | 77,783.25 | 339,240.06 |
| <u>267,901.00</u> | <u>2,684,473.60</u> | <u>(1,327,251.33)</u> | <u>1,357,222.27</u> | <u>3,141,772.65</u> |
| | 1,580,243.04 | | 1,580,243.04 | 1,982,267.35 |
| | 1,966,979.07 | (1,966,979.07) | | 2,365,411.46 |
| | 233,346.41 | | 233,346.41 | 167,045.09 |
| 257,192.93 | 490,005.38 | | 490,005.38 | 205,251.45 |
| | 7,248.89 | | 7,248.89 | 17,610.75 |
| <u>257,192.93</u> | <u>4,277,822.79</u> | <u>(1,966,979.07)</u> | <u>2,310,843.72</u> | <u>4,737,586.10</u> |
| <u>10,708.07</u> | <u>(1,593,349.19)</u> | <u>(639,727.74)</u> | <u>(953,621.45)</u> | <u>(1,595,813.45)</u> |
| | 1,819,099.38 | (528,875.61) | 1,290,223.77 | 2,417,040.98 |
| <u>(9,000.00)</u> | <u>(444,560.64)</u> | | <u>(444,560.64)</u> | <u>(685,552.68)</u> |
| <u>(9,000.00)</u> | <u>1,374,538.74</u> | <u>(528,875.61)</u> | <u>845,663.13</u> | <u>1,731,488.30</u> |
| 1,708.07 | (218,810.45) | 110,852.13 | (107,958.32) | 135,674.85 |
| <u>29,357.20</u> | <u>1,383,886.82</u> | <u>(414,965.47)</u> | <u>968,921.35</u> | <u>1,248,211.97</u> |
| \$ <u>31,065.27</u> | \$ <u>1,165,076.37</u> | \$ <u>(304,113.34)</u> | \$ <u>860,963.03</u> | \$ <u>1,383,886.82</u> |

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

MAJOR STREET FUND

FOR THE YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

| | <u>2008</u> | | | <u>2007</u> |
|--|----------------------|----------------------|---|----------------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> | <u>ACTUAL</u> |
| REVENUES | | | | |
| State grants | \$ 855,000.00 | \$ 501,951.36 | \$ (353,048.64) | \$ 502,794.15 |
| Federal grants | 921,150.00 | 122,525.00 | (798,625.00) | |
| Interest on investments | | 9,270.54 | 9,270.54 | 5,246.10 |
| Donations | <u>208,372.00</u> | <u>58,087.31</u> | <u>(150,284.69)</u> | <u>257,295.57</u> |
| TOTAL REVENUES | <u>1,984,522.00</u> | <u>691,834.21</u> | <u>(1,292,687.79)</u> | <u>765,335.82</u> |
| EXPENDITURES | | | | |
| Highways and streets | <u>2,575,383.00</u> | <u>1,022,851.43</u> | <u>1,552,531.57</u> | <u>657,126.50</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(590,861.00)</u> | <u>(331,017.22)</u> | <u>259,843.78</u> | <u>108,209.32</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | 1,180,941.00 | 750,979.80 | (429,961.20) | 437,271.81 |
| Operating transfers out | <u>(327,511.00)</u> | <u>(327,511.00)</u> | | <u>(359,003.94)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>853,430.00</u> | <u>423,468.80</u> | <u>(429,961.20)</u> | <u>78,267.87</u> |
| EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | 262,569.00 | 92,451.58 | (170,117.42) | 186,477.19 |
| FUND BALANCE, JULY 1 | <u>427,377.15</u> | <u>427,377.15</u> | | <u>240,899.96</u> |
| FUND BALANCE, JUNE 30 | <u>\$ 689,946.15</u> | <u>\$ 519,828.73</u> | <u>\$ (170,117.42)</u> | <u>\$ 427,377.15</u> |

CITY OF LAPEER, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LOCAL STREET FUND
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

| | <u>2008</u> | | | <u>2007</u> |
|--|----------------------|----------------------|--|----------------------|
| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) | ACTUAL |
| REVENUES | | | | |
| Federal grants | \$ 91,106.00 | \$ 63,337.00 | \$ (27,769.00) | \$ 141,399.17 |
| State grants | 140,000.00 | 142,013.93 | 2,013.93 | 190,041.00 |
| Interest on investments | <u>7,500.00</u> | <u>3,938.25</u> | <u>(3,561.75)</u> | <u>13,655.30</u> |
| TOTAL REVENUES | <u>238,606.00</u> | <u>209,289.18</u> | <u>(29,316.82)</u> | <u>345,095.47</u> |
| EXPENDITURES | | | | |
| Highways and streets | <u>1,067,393.00</u> | <u>557,391.61</u> | <u>510,001.39</u> | <u>1,325,140.85</u> |
| DEFICIENCY OF REVENUES OVER EXPENDITURES | <u>(828,787.00)</u> | <u>(348,102.43)</u> | <u>480,684.57</u> | <u>(980,045.38)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | 673,321.00 | 254,485.06 | (418,835.94) | 941,509.87 |
| Operating transfers out | <u>(53,428.00)</u> | <u>(53,428.00)</u> | | <u>(42,071.00)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>619,893.00</u> | <u>201,057.06</u> | <u>(418,835.94)</u> | <u>899,438.87</u> |
| DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | <u>(208,894.00)</u> | <u>(147,045.37)</u> | <u>61,848.63</u> | <u>(80,606.51)</u> |
| FUND BALANCE, JULY 1 | <u>324,763.50</u> | <u>324,763.50</u> | | <u>405,370.01</u> |
| FUND BALANCE, JUNE 30 | <u>\$ 115,869.50</u> | <u>\$ 177,718.13</u> | <u>\$ 61,848.63</u> | <u>\$ 324,763.50</u> |

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

PARKS AND RECREATION FUND

FOR THE YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

| | <u>2008</u> | | | <u>2007</u> |
|--|----------------------|----------------------|---|----------------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> | <u>ACTUAL</u> |
| REVENUES | | | | |
| Charges for services | \$ 1,194,100.00 | \$ 1,194,512.44 | \$ 412.44 | \$ 1,237,232.57 |
| Interest and rent | 49,800.00 | 56,271.58 | 6,471.58 | 60,449.96 |
| Other revenues | 83,118.00 | 73,088.31 | (10,029.69) | 83,072.27 |
| Intergovernmental - state | <u>250,000.00</u> | <u>3,379.00</u> | <u>(246,621.00)</u> | <u>248,264.00</u> |
| TOTAL REVENUES | <u>1,577,018.00</u> | <u>1,327,251.33</u> | <u>(249,766.67)</u> | <u>1,629,018.80</u> |
| EXPENDITURES | | | | |
| Culture and recreation | <u>2,401,135.00</u> | <u>1,966,979.07</u> | <u>434,155.93</u> | <u>2,365,411.46</u> |
| DEFICIENCY OF REVENUES OVER EXPENDITURES | <u>(824,117.00)</u> | <u>(639,727.74)</u> | <u>184,389.26</u> | <u>(736,392.66)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | 589,258.00 | 528,875.61 | (60,382.39) | 707,885.57 |
| Operating transfers out | <u></u> | <u></u> | <u></u> | <u>(29,570.00)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>589,258.00</u> | <u>528,875.61</u> | <u>(60,382.39)</u> | <u>678,315.57</u> |
| DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | <u>(234,859.00)</u> | <u>(110,852.13)</u> | <u>124,006.87</u> | <u>(58,077.09)</u> |
| FUND BALANCE, JULY 1 | <u>414,965.47</u> | <u>414,965.47</u> | | <u>473,042.56</u> |
| FUND BALANCE, JUNE 30 | <u>\$ 180,106.47</u> | <u>\$ 304,113.34</u> | <u>\$ 124,006.87</u> | <u>\$ 414,965.47</u> |

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

MT. HOPE CEMETERY FUND

FOR THE YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

| | <u>2008</u> | | | <u>2007</u> |
|--|----------------------------|----------------------------|---|----------------------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> | <u>ACTUAL</u> |
| REVENUES | | | | |
| Charges for services | \$ 35,000.00 | \$ 48,901.67 | \$ 13,901.67 | \$ 38,456.42 |
| Interest on investments | | 4,623.04 | 4,623.04 | 1,212.57 |
| TOTAL REVENUES | <u>35,000.00</u> | <u>53,524.71</u> | <u>18,524.71</u> | <u>39,668.99</u> |
| EXPENDITURES | | | | |
| Health and welfare | <u>243,737.00</u> | <u>233,346.41</u> | <u>10,390.59</u> | <u>167,045.09</u> |
| DEFICIENCY OF REVENUES OVER EXPENDITURES | <u>(208,737.00)</u> | <u>(179,821.70)</u> | <u>28,915.30</u> | <u>(127,376.10)</u> |
| OTHER FINANCING SOURCES | | | | |
| Operating transfers in | <u>142,875.00</u> | <u>140,480.23</u> | <u>(2,394.77)</u> | <u>222,141.65</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | <u>(65,862.00)</u> | <u>(39,341.47)</u> | <u>26,520.53</u> | <u>94,765.55</u> |
| FUND BALANCE, JULY 1 | <u>89,700.85</u> | <u>89,700.85</u> | | <u>(5,064.70)</u> |
| FUND BALANCE, JUNE 30 | \$ <u><u>23,838.85</u></u> | \$ <u><u>50,359.38</u></u> | \$ <u><u>26,520.53</u></u> | \$ <u><u>89,700.85</u></u> |

CITY OF LAPEER, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YOUTH MINI-GRANT
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

| | <u>2008</u> | | | <u>2007</u> |
|--|-------------------------|-------------------------|---|-------------------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> | <u>ACTUAL</u> |
| REVENUES | | | | |
| Interest income | \$ <u> </u> | \$ <u>29.98</u> | \$ <u>29.98</u> | \$ <u>119.41</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | 5,000.00 | 5,000.00 | | 5,000.00 |
| Operating transfers out | <u>(5,000.00)</u> | <u>(5,000.00)</u> | <u> </u> | <u>(5,000.00)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | | 29.98 | 29.98 | 119.41 |
| FUND BALANCE, JULY 1 | <u>496.45</u> | <u>496.45</u> | <u> </u> | <u>377.04</u> |
| FUND BALANCE, JUNE 30 | \$ <u><u>496.45</u></u> | \$ <u><u>526.43</u></u> | \$ <u><u>29.98</u></u> | \$ <u><u>496.45</u></u> |

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

BUILDING DEPARTMENT

FOR THE YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

| | <u>2008</u> | | | <u>2007</u> |
|--|---------------------|---------------------|--|---------------------|
| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) | ACTUAL |
| REVENUES | | | | |
| Charges for services | \$ 200,388.00 | \$ 52,691.61 | \$ (147,696.39) | \$ 11,045.00 |
| Interest on investments | | 850.33 | 850.33 | 1,009.54 |
| TOTAL REVENUES | <u>200,388.00</u> | <u>53,541.94</u> | <u>(146,846.06)</u> | <u>12,054.54</u> |
| EXPENDITURES | | | | |
| Community development and enrichment | <u>234,855.00</u> | <u>137,567.02</u> | <u>97,287.98</u> | <u>16,492.34</u> |
| DEFICIENCY OF REVENUES OVER EXPENDITURES | <u>(34,467.00)</u> | <u>(84,025.08)</u> | <u>(49,558.08)</u> | <u>(4,437.80)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | 62,000.00 | 62,000.00 | | 57,200.00 |
| Operating transfers out | | <u>(10,000.00)</u> | <u>(10,000.00)</u> | <u>(22,021.74)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>62,000.00</u> | <u>52,000.00</u> | <u>(10,000.00)</u> | <u>35,178.26</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | 27,533.00 | (32,025.08) | (59,558.08) | 30,740.46 |
| RESIDUAL EQUITY TRANSFER | | 2,153.48 | 2,153.48 | |
| FUND BALANCE, JULY 1 | <u>45,868.46</u> | <u>45,868.46</u> | | <u>15,128.00</u> |
| FUND BALANCE, JUNE 30 | <u>\$ 73,401.46</u> | <u>\$ 15,996.86</u> | <u>\$ (57,404.60)</u> | <u>\$ 45,868.46</u> |

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

OAKDALE DEVELOPMENT FUND

FOR THE YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

| | <u>2008</u> | | | <u>2007</u> |
|--|----------------------------|----------------------------|--|----------------------------|
| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) | ACTUAL |
| REVENUES | | | | |
| Interest and rent | \$ <u>55,000.00</u> | \$ <u>55,368.15</u> | \$ <u>368.15</u> | \$ <u>56,358.73</u> |
| EXPENDITURES | | | | |
| Community development and enrichment | <u>86,874.00</u> | <u>75,833.68</u> | <u>11,040.32</u> | <u>73,146.08</u> |
| DEFICIENCY OF REVENUES OVER EXPENDITURES | <u>(31,874.00)</u> | <u>(20,465.53)</u> | <u>11,408.47</u> | <u>(16,787.35)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | 58,069.00 | 47,028.68 | (11,040.32) | 44,282.08 |
| Operating transfers out | <u>(26,195.00)</u> | <u>(26,195.00)</u> | | <u>(26,136.00)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>31,874.00</u> | <u>20,833.68</u> | <u>(11,040.32)</u> | <u>18,146.08</u> |
| EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | | 368.15 | 368.15 | 1,358.73 |
| FUND BALANCE, JULY 1 | <u>15,182.28</u> | <u>15,182.28</u> | | <u>13,823.55</u> |
| FUND BALANCE, JUNE 30 | \$ <u><u>15,182.28</u></u> | \$ <u><u>15,550.43</u></u> | \$ <u><u>368.15</u></u> | \$ <u><u>15,182.28</u></u> |

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

POLICE K-9

FOR THE YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

| | <u>2008</u> | | | <u>2007</u> |
|--|--------------------|--------------------|--|--------------------|
| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) | ACTUAL |
| REVENUES | | | | |
| Interest | \$ | \$ 398.48 | \$ 398.48 | \$ 270.14 |
| Other revenue | <u>250.00</u> | <u></u> | <u>(250.00)</u> | <u>625.00</u> |
| TOTAL REVENUES | <u>250.00</u> | <u>398.48</u> | <u>148.48</u> | <u>895.14</u> |
| EXPENDITURES | | | | |
| Public safety | <u>2,500.00</u> | <u>1,225.00</u> | <u>1,275.00</u> | <u>548.30</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (2,250.00) | (826.52) | 1,423.48 | 346.84 |
| OTHER FINANCING SOURCES | | | | |
| Operating transfers in | <u>1,750.00</u> | <u>1,750.00</u> | <u></u> | <u>1,750.00</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | (500.00) | 923.48 | 1,423.48 | 2,096.84 |
| FUND BALANCE, JULY 1 | <u>7,733.55</u> | <u>7,733.55</u> | <u></u> | <u>5,636.71</u> |
| FUND BALANCE, JUNE 30 | <u>\$ 7,233.55</u> | <u>\$ 8,657.03</u> | <u>\$ 1,423.48</u> | <u>\$ 7,733.55</u> |

CITY OF LAPEER, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DRUG LAW ENFORCEMENT
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

| | <u>2008</u> | | | <u>2007</u> |
|---|--------------------|---------------------|--|---------------------|
| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) | ACTUAL |
| REVENUES | | | | |
| Interest earnings | \$ | \$ 561.32 | \$ 561.32 | \$ 727.48 |
| Other revenues | <u>500.00</u> | <u>2,906.00</u> | <u>2,406.00</u> | <u></u> |
| TOTAL REVENUES | <u>500.00</u> | <u>3,467.32</u> | <u>2,967.32</u> | <u>727.48</u> |
| EXPENDITURES | | | | |
| Public safety | <u>2,500.00</u> | <u>910.95</u> | <u>1,589.05</u> | <u>5,754.87</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (2,000.00) | 2,556.37 | 4,556.37 | (5,027.39) |
| FUND BALANCE, JULY 1 | <u>11,856.94</u> | <u>11,856.94</u> | <u></u> | <u>16,884.33</u> |
| FUND BALANCE, JUNE 30 | <u>\$ 9,856.94</u> | <u>\$ 14,413.31</u> | <u>\$ 4,556.37</u> | <u>\$ 11,856.94</u> |

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

D.A.R.E.

FOR THE YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

| | <u>2008</u> | | | <u>2007</u> |
|---|---------------------------|----------------------------|--|----------------------------|
| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) | ACTUAL |
| REVENUES | | | | |
| Interest earnings | \$ | \$ 507.71 | \$ 507.71 | \$ 527.32 |
| Other revenues | <u>2,000.00</u> | <u>1,000.00</u> | <u>(1,000.00)</u> | <u>4,025.00</u> |
| TOTAL REVENUES | <u>2,000.00</u> | <u>1,507.71</u> | <u>(492.29)</u> | <u>4,552.32</u> |
| EXPENDITURES | | | | |
| Public safety | <u>4,000.00</u> | <u>446.74</u> | <u>3,553.26</u> | <u>1,811.57</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (2,000.00) | 1,060.97 | 3,060.97 | 2,740.75 |
| FUND BALANCE, JULY 1 | <u>11,151.84</u> | <u>11,151.84</u> | | <u>8,411.09</u> |
| FUND BALANCE, JUNE 30 | \$ <u><u>9,151.84</u></u> | \$ <u><u>12,212.81</u></u> | \$ <u><u>3,060.97</u></u> | \$ <u><u>11,151.84</u></u> |

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

SITE PLAN REVIEW

FOR THE YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

| | <u>2008</u> | | | <u>2007</u> |
|--|----------------------------|---------------------------|---|-------------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> | <u>ACTUAL</u> |
| REVENUES | | | | |
| Charges for services | \$ 14,000.00 | \$ 2,967.50 | \$ (11,032.50) | \$ |
| Other revenue | <u>24,000.00</u> | <u>12,307.25</u> | <u>(11,692.75)</u> | <u></u> |
| TOTAL REVENUES | <u>38,000.00</u> | <u>15,274.75</u> | <u>(22,725.25)</u> | <u></u> |
| EXPENDITURES | | | | |
| Community development and enrichment | <u>20,000.00</u> | <u>19,411.75</u> | <u>588.25</u> | <u></u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>18,000.00</u> | <u>(4,137.00)</u> | <u>(22,137.00)</u> | <u></u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | 28,500.00 | 28,500.00 | | |
| Operating transfers out | <u>(32,000.00)</u> | <u>(13,426.64)</u> | <u>18,573.36</u> | <u></u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(3,500.00)</u> | <u>15,073.36</u> | <u>18,573.36</u> | <u></u> |
| EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | 14,500.00 | 10,936.36 | (3,563.64) | |
| RESIDUAL EQUITY TRANSFER | | (2,153.48) | (2,153.48) | |
| FUND BALANCE, JULY 1 | <u></u> | <u></u> | <u></u> | <u></u> |
| FUND BALANCE, JUNE 30 | \$ <u><u>14,500.00</u></u> | \$ <u><u>8,782.88</u></u> | \$ <u><u>(5,717.12)</u></u> | \$ <u><u></u></u> |

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

GENERAL FORFEITURE

FOR THE YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

| | <u>2008</u> | | | <u>2007</u> |
|---|---------------------------|---------------------------|---|---------------------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> | <u>ACTUAL</u> |
| REVENUES | | | | |
| Interest earnings | \$ | \$ 221.33 | \$ 221.33 | \$ 439.73 |
| Other revenue | <u>500.00</u> | <u>165.00</u> | <u>(335.00)</u> | <u>475.00</u> |
| TOTAL REVENUES | <u>500.00</u> | <u>386.33</u> | <u>(113.67)</u> | <u>914.73</u> |
| EXPENDITURES | | | | |
| Public safety | <u>500.00</u> | <u></u> | <u>500.00</u> | <u>5,000.00</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | 386.33 | 386.33 | (4,085.27) |
| OTHER FINANCING USES | | | | |
| Operating transfers out | <u></u> | <u></u> | <u></u> | <u>(1,750.00)</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | | 386.33 | 386.33 | (5,835.27) |
| FUND BALANCE, JULY 1 | <u>5,027.85</u> | <u>5,027.85</u> | <u></u> | <u>10,863.12</u> |
| FUND BALANCE, JUNE 30 | \$ <u><u>5,027.85</u></u> | \$ <u><u>5,414.18</u></u> | \$ <u><u>386.33</u></u> | \$ <u><u>5,027.85</u></u> |

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

PUBLIC SAFETY TRAINING

FOR THE YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

| | <u>2008</u> | | | <u>2007</u> |
|---|------------------|------------------|--|------------------|
| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) | ACTUAL |
| REVENUES | | | | |
| State grants | \$ 4,450.00 | \$ 4,666.20 | \$ 216.20 | \$ 4,496.01 |
| Interest earnings | | 32.31 | 32.31 | 31.17 |
| TOTAL REVENUES | <u>4,450.00</u> | <u>4,698.51</u> | <u>248.51</u> | <u>4,527.18</u> |
| EXPENDITURES | | | | |
| Public safety | <u>4,450.00</u> | <u>4,666.20</u> | <u>(216.20)</u> | <u>4,496.01</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | | 32.31 | 32.31 | 31.17 |
| FUND BALANCE, JULY 1 | <u>405.28</u> | <u>405.28</u> | | <u>374.11</u> |
| FUND BALANCE, JUNE 30 | <u>\$ 405.28</u> | <u>\$ 437.59</u> | <u>\$ 32.31</u> | <u>\$ 405.28</u> |

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

HOUSING RESOURCE FUND

FOR THE YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

| | <u>2008</u> | | | <u>2007</u> |
|--|---------------------|---------------------|---|---------------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> | <u>ACTUAL</u> |
| REVENUES | | | | |
| Federal grants | \$ 89,994.00 | \$ 190,136.00 | \$ 100,142.00 | \$ |
| State grants | 10,000.00 | 15,360.00 | 5,360.00 | 31,461.25 |
| Sale of fixed assets | | | | 179,355.79 |
| Other revenues | <u>89,994.00</u> | <u>62,405.00</u> | <u>(27,589.00)</u> | <u>71,687.00</u> |
| TOTAL REVENUES | <u>189,988.00</u> | <u>267,901.00</u> | <u>77,913.00</u> | <u>282,504.04</u> |
| EXPENDITURES | | | | |
| Community development and enrichment | <u>180,988.00</u> | <u>257,192.93</u> | <u>(76,204.93)</u> | <u>115,613.03</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>9,000.00</u> | <u>10,708.07</u> | <u>1,708.07</u> | <u>166,891.01</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | | | | |
| Operating transfers out | <u>(9,000.00)</u> | <u>(9,000.00)</u> | | <u>(200,000.00)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(9,000.00)</u> | <u>(9,000.00)</u> | | <u>(200,000.00)</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | | 1,708.07 | 1,708.07 | (33,108.99) |
| FUND BALANCE, JULY 1 | <u>29,357.20</u> | <u>29,357.20</u> | | <u>62,466.19</u> |
| FUND BALANCE, JUNE 30 | <u>\$ 29,357.20</u> | <u>\$ 31,065.27</u> | <u>\$ 1,708.07</u> | <u>\$ 29,357.20</u> |

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DEBT SERVICE FUNDS

Debt Service Funds are established to finance and account for the payment of interest and principal on all general obligation debt and revenue bonds issued for and serviced by a governmental enterprise.

The City's Debt Service Funds include the 1998 General Obligation Limited Tax Bonds, 1998 Series B General Obligation Limited Tax Bonds, 2000 General Obligation Limited Tax Bonds, 2001 General Obligation Limited Tax Bonds, 2002 General Obligation Limited Tax Bonds, 2003 General Obligation Limited Tax Bonds, 2006 General Obligation Limited Tax Bonds, 2007 General Obligation Limited Tax Bonds, 1997 Special Assessment Bonds, 1998 Special Assessment Bonds, 1998 Series B Special Assessment Bonds, 2000 Special Assessment Bonds, 2001 Special Assessment Bonds, 2002 Special Assessment Bonds, 2003 Special Assessment Bonds, 2006 Special Assessment Bonds, 2007 Special Assessment Bonds, 2003 Equipment Financing, 2005 Equipment Financing, 1999 Building Authority Bonds, 2001 Building Authority Bonds, and 2002 Building Authority Bonds.

CITY OF LAPEER, MICHIGAN
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

| | 1998 GENERAL OBLIGATION LIMITED TAX BONDS | 1998 SERIES B GENERAL OBLIGATION LIMITED TAX BONDS | 2000 GENERAL OBLIGATION LIMITED TAX BONDS |
|---|---|--|---|
| ASSETS | | | |
| Cash | \$ 58.24 | \$ 215.58 | \$ 1,083.69 |
| Assessments receivable | | | |
| Prepaid expenses | | | |
| Due from other funds | | | |
| TOTAL ASSETS | <u>\$ 58.24</u> | <u>\$ 215.58</u> | <u>\$ 1,083.69</u> |
| LIABILITIES AND FUND BALANCE | | | |
| LIABILITIES | | | |
| Accounts payable | \$ | \$ | \$ 137.50 |
| Deferred revenue | | | |
| TOTAL LIABILITIES | | | <u>137.50</u> |
| FUND BALANCE | | | |
| Reserved for debt service | <u>58.24</u> | <u>215.58</u> | <u>946.19</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 58.24</u> | <u>\$ 215.58</u> | <u>\$ 1,083.69</u> |

| 2001 GENERAL OBLIGATION LIMITED TAX BONDS | 2002 GENERAL OBLIGATION LIMITED TAX BONDS | 2003 GENERAL OBLIGATION LIMITED TAX BONDS | 2006 GENERAL OBLIGATION LIMITED TAX BONDS | 2007 GENERAL OBLIGATION LIMITED TAX BONDS |
|---|---|---|---|---|
| \$ 2,981.98 | \$ 119.23 | \$ 47,524.79 | \$ 56,934.62 | \$ 3,958.15 |
| | | | 8,196.25 | |
| <u>\$ 2,981.98</u> | <u>\$ 119.23</u> | <u>\$ 47,524.79</u> | <u>\$ 65,130.87</u> | <u>\$ 3,958.15</u> |
| \$ 137.50 | \$ | \$ 112.50 | \$ | \$ |
| <u>137.50</u> | | <u>112.50</u> | | |
| <u>2,844.48</u> | <u>119.23</u> | <u>47,412.29</u> | <u>65,130.87</u> | <u>3,958.15</u> |
| <u>\$ 2,981.98</u> | <u>\$ 119.23</u> | <u>\$ 47,524.79</u> | <u>\$ 65,130.87</u> | <u>\$ 3,958.15</u> |

CITY OF LAPEER, MICHIGAN
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS - Continued
JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

| | 1997 SPECIAL ASSESSMENT BONDS | 1998 SPECIAL ASSESSMENT BONDS | 1998 SERIES B SPECIAL ASSESSMENT BONDS | 2000 SPECIAL ASSESSMENT BONDS |
|---|--|--|---|--|
| ASSETS | | | | |
| Cash | \$ | \$ | \$ 1,844.41 | \$ 12,725.40 |
| Assessments receivable | | | | 2,624.10 |
| Prepaid expenses | | | | |
| Due from other funds | | | 411.31 | 285.67 |
| TOTAL ASSETS | \$ | \$ | \$ 2,255.72 | \$ 15,635.17 |
| LIABILITIES AND FUND BALANCE | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ | \$ | \$ | \$ 137.50 |
| Deferred revenue | | | | 2,624.10 |
| TOTAL LIABILITIES | | | | 2,761.60 |
| FUND BALANCE | | | | |
| Reserved for debt service | | | 2,255.72 | 12,873.57 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ | \$ | \$ 2,255.72 | \$ 15,635.17 |

| 2001 SPECIAL ASSESSMENT BONDS | 2002 SPECIAL ASSESSMENT BONDS | 2003 SPECIAL ASSESSMENT BONDS | 2006 SPECIAL ASSESSMENT BONDS | 2007 SPECIAL ASSESSMENT BONDS | 2003 EQUIPMENT FINANCING |
|--|--|--|--|--|--------------------------------|
| \$ 48,141.60 | \$ 73,284.36 | \$ 126,772.82 | \$ 41,033.51 | \$ 59,078.90 | \$ 124.80 |
| 14,382.56 | 85,809.97 | 51,310.91 | 179,884.54 | 126,088.82 | |
| | | | 4,641.25 | | |
| <u>1,801.99</u> | <u>5,550.33</u> | | <u>12,801.04</u> | <u>2,685.90</u> | |
| <u>\$ 64,326.15</u> | <u>\$ 164,644.66</u> | <u>\$ 178,083.73</u> | <u>\$ 238,360.34</u> | <u>\$ 187,853.62</u> | <u>\$ 124.80</u> |
| | | | | | |
| \$ 137.50 | \$ | \$ 112.50 | \$ | \$ | \$ |
| <u>14,382.56</u> | <u>85,809.97</u> | <u>51,310.91</u> | <u>179,884.54</u> | <u>126,088.82</u> | |
| <u>14,520.06</u> | <u>85,809.97</u> | <u>51,423.41</u> | <u>179,884.54</u> | <u>126,088.82</u> | |
| | | | | | |
| <u>49,806.09</u> | <u>78,834.69</u> | <u>126,660.32</u> | <u>58,475.80</u> | <u>61,764.80</u> | <u>124.80</u> |
| | | | | | |
| <u>\$ 64,326.15</u> | <u>\$ 164,644.66</u> | <u>\$ 178,083.73</u> | <u>\$ 238,360.34</u> | <u>\$ 187,853.62</u> | <u>\$ 124.80</u> |

CITY OF LAPEER, MICHIGAN
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS - Concluded
JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

| | 2004 EQUIPMENT FINANCING | 2005 EQUIPMENT FINANCING | 1999 BUILDING AUTHORITY BONDS | 2001 BUILDING AUTHORITY BONDS |
|---|--------------------------------|--------------------------------|--|--|
| ASSETS | | | | |
| Cash | \$ 589.93 | \$ 82.02 | \$ 27,729.10 | \$ 23,807.23 |
| Assessments receivable | | | | |
| Prepaid expenses | | | | |
| Due from other funds | | | | |
| TOTAL ASSETS | <u>\$ 589.93</u> | <u>\$ 82.02</u> | <u>\$ 27,729.10</u> | <u>\$ 23,807.23</u> |
| LIABILITIES AND FUND BALANCE | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ | \$ | \$ | \$ |
| Deferred revenue | | | | |
| TOTAL LIABILITIES | | | | |
| FUND BALANCE | | | | |
| Reserved for debt service | <u>589.93</u> | <u>82.02</u> | <u>27,729.10</u> | <u>23,807.23</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 589.93</u> | <u>\$ 82.02</u> | <u>\$ 27,729.10</u> | <u>\$ 23,807.23</u> |

| 2002 BUILDING AUTHORITY BONDS | TOTAL DEBT SERVICE 2008 | ELIMINATION OF MAJOR FUNDS | TOTAL NON-MAJOR DEBT SERVICE 2008 | TOTAL DEBT SERVICE 2007 |
|--|-------------------------------|----------------------------------|--|-------------------------------|
| \$ 16,660.67 | \$ 544,751.03 | \$ (100,112.41) | \$ 444,638.62 | \$ 798,367.68 |
| | 460,100.90 | (305,973.36) | 154,127.54 | 571,019.15 |
| | 12,837.50 | (4,641.25) | 8,196.25 | 14,148.75 |
| | 23,536.24 | (15,486.94) | 8,049.30 | 19,982.08 |
| <u>16,660.67</u> | <u>1,041,225.67</u> | <u>(426,213.96)</u> | <u>615,011.71</u> | <u>1,403,517.66</u> |
| \$ <u>16,660.67</u> | \$ <u>1,041,225.67</u> | \$ <u>(426,213.96)</u> | \$ <u>615,011.71</u> | \$ <u>1,403,517.66</u> |
| | | | | |
| \$ | \$ 775.00 | \$ | \$ 775.00 | \$ 571,019.15 |
| <u> </u> | <u>460,100.90</u> | <u>(305,973.36)</u> | <u>154,127.54</u> | <u>571,019.15</u> |
| <u> </u> | <u>460,875.90</u> | <u>(305,973.36)</u> | <u>154,902.54</u> | <u>571,019.15</u> |
| <u>16,660.67</u> | <u>580,349.77</u> | <u>(120,240.60)</u> | <u>460,109.17</u> | <u>832,498.51</u> |
| \$ <u>16,660.67</u> | \$ <u>1,041,225.67</u> | \$ <u>(426,213.96)</u> | \$ <u>615,011.71</u> | \$ <u>1,403,517.66</u> |

CITY OF LAPEER, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007

| | 1998 GENERAL OBLIGATION LIMITED TAX BONDS | 1998 SERIES B GENERAL OBLIGATION LIMITED TAX BONDS | 2000 GENERAL OBLIGATION LIMITED TAX BONDS |
|--|---|--|---|
| REVENUES | | | |
| Taxes and special assessments | \$ | \$ | \$ |
| Interest earnings | 46.37 | 21.52 | 35.84 |
| Other revenues | | | |
| TOTAL REVENUES | <u>46.37</u> | <u>21.52</u> | <u>35.84</u> |
| EXPENDITURES | | | |
| Debt Service | | | |
| Principal retirement | 125,000.00 | 20,000.00 | 25,000.00 |
| | <u>2,987.50</u> | <u>980.00</u> | <u>5,562.50</u> |
| TOTAL EXPENDITURES | <u>127,987.50</u> | <u>20,980.00</u> | <u>30,562.50</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(127,941.13)</u> | <u>(20,958.48)</u> | <u>(30,526.66)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Operating transfers in | 125,968.00 | 20,381.00 | 30,188.00 |
| Operating transfers out | | | |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>125,968.00</u> | <u>20,381.00</u> | <u>30,188.00</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | <u>(1,973.13)</u> | <u>(577.48)</u> | <u>(338.66)</u> |
| FUND BALANCE, JULY 1 | <u>2,031.37</u> | <u>793.06</u> | <u>1,284.85</u> |
| FUND BALANCE, JUNE 30 | <u>\$ 58.24</u> | <u>\$ 215.58</u> | <u>\$ 946.19</u> |

| 2001 GENERAL OBLIGATION LIMITED TAX BONDS | 2002 GENERAL OBLIGATION LIMITED TAX BONDS | 2003 GENERAL OBLIGATION LIMITED TAX BONDS | 2006 GENERAL OBLIGATION LIMITED TAX BONDS | 2007 GENERAL OBLIGATION LIMITED TAX BONDS |
|---|---|---|---|---|
| \$ | \$ | \$ | \$ | \$ |
| 132.74 | 50.90 | 1,956.52 | 848.09 | 17.77 |
| <u>132.74</u> | <u>50.90</u> | <u>1,956.52</u> | <u>848.09</u> | <u>17.77</u> |
| 25,000.00 | 60,000.00 | 25,000.00 | 30,000.00 | |
| <u>6,612.50</u> | <u>14,180.00</u> | <u>4,905.00</u> | <u>17,802.50</u> | <u>2,859.62</u> |
| <u>31,612.50</u> | <u>74,180.00</u> | <u>29,905.00</u> | <u>47,802.50</u> | <u>2,859.62</u> |
| <u>(31,479.76)</u> | <u>(74,129.10)</u> | <u>(27,948.48)</u> | <u>(46,954.41)</u> | <u>(2,841.85)</u> |
| 30,838.00 | 74,205.00 | 20,931.00 | 101,240.32 | 6,800.00 |
| <u>30,838.00</u> | <u>74,205.00</u> | <u>20,931.00</u> | <u>101,240.32</u> | <u>6,800.00</u> |
| (641.76) | 75.90 | (7,017.48) | 54,285.91 | 3,958.15 |
| <u>3,486.24</u> | <u>43.33</u> | <u>54,429.77</u> | <u>10,844.96</u> | |
| \$ <u><u>2,844.48</u></u> | \$ <u><u>119.23</u></u> | \$ <u><u>47,412.29</u></u> | \$ <u><u>65,130.87</u></u> | \$ <u><u>3,958.15</u></u> |

CITY OF LAPEER, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
DEBT SERVICE FUNDS - Continued
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007

| | 1997 SPECIAL ASSESSMENT BONDS | 1998 SPECIAL ASSESSMENT BONDS | 1998 SERIES B SPECIAL ASSESSMENT BONDS | 2000 SPECIAL ASSESSMENT BONDS |
|---|--|--|---|--|
| REVENUES | | | | |
| Taxes and special assessments | \$ 19.79 | \$ 157,798.90 | \$ 2,692.81 | \$ 7,679.38 |
| Interest earnings | 18.41 | 7,286.38 | 405.41 | 502.18 |
| Other revenues | | | | |
| TOTAL REVENUES | <u>38.20</u> | <u>165,085.28</u> | <u>3,098.22</u> | <u>8,181.56</u> |
| EXPENDITURES | | | | |
| Debt Service | | | | |
| Principal retirement | | 215,000.00 | 15,000.00 | 5,000.00 |
| Interest and fiscal charges | | 4,922.50 | 772.50 | 1,332.50 |
| TOTAL EXPENDITURES | | <u>219,922.50</u> | <u>15,772.50</u> | <u>6,332.50</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>38.20</u> | <u>(54,837.22)</u> | <u>(12,674.28)</u> | <u>1,849.06</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | | | | |
| Operating transfers out | <u>(5,474.73)</u> | <u>(254,828.83)</u> | | |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(5,474.73)</u> | <u>(254,828.83)</u> | | |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | <u>(5,436.53)</u> | <u>(309,666.05)</u> | <u>(12,674.28)</u> | <u>1,849.06</u> |
| FUND BALANCE, JULY 1 | <u>5,436.53</u> | <u>309,666.05</u> | <u>14,930.00</u> | <u>11,024.51</u> |
| FUND BALANCE, JUNE 30 | <u>\$</u> | <u>\$</u> | <u>\$ 2,255.72</u> | <u>\$ 12,873.57</u> |

| 2001 SPECIAL ASSESSMENT BONDS | 2002 SPECIAL ASSESSMENT BONDS | 2003 SPECIAL ASSESSMENT BONDS | 2006 SPECIAL ASSESSMENT BONDS | 2007 SPECIAL ASSESSMENT BONDS | 2003 EQUIPMENT FINANCING |
|--|--|--|--|--|--------------------------------|
| \$ 9,637.76 2,141.24 | \$ 30,984.34 3,101.73 | \$ 12,942.03 5,248.73 | \$ 46,958.37 1,898.71 | \$ 34,307.34 1,024.59 | \$ 4.61 |
| <u>11,779.00</u> | <u>34,086.07</u> | <u>18,190.76</u> | <u>48,857.08</u> | <u>35,331.93</u> | <u>4.61</u> |
| 20,000.00 3,395.00 | 45,000.00 8,531.25 | 25,000.00 4,220.00 | 25,000.00 10,495.00 | 4,357.29 | |
| <u>23,395.00</u> | <u>53,531.25</u> | <u>29,220.00</u> | <u>35,495.00</u> | <u>4,357.29</u> | |
| <u>(11,616.00)</u> | <u>(19,445.18)</u> | <u>(11,029.24)</u> | <u>13,362.08</u> | <u>30,974.64</u> | <u>4.61</u> |
| | | | | 30,790.16 | |
| | | | | | |
| | | | | <u>30,790.16</u> | |
| (11,616.00) | (19,445.18) | (11,029.24) | 13,362.08 | 61,764.80 | 4.61 |
| <u>61,422.09</u> | <u>98,279.87</u> | <u>137,689.56</u> | <u>45,113.72</u> | | <u>120.19</u> |
| \$ <u><u>49,806.09</u></u> | \$ <u><u>78,834.69</u></u> | \$ <u><u>126,660.32</u></u> | \$ <u><u>58,475.80</u></u> | \$ <u><u>61,764.80</u></u> | \$ <u><u>124.80</u></u> |

CITY OF LAPEER, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
DEBT SERVICE FUNDS - Concluded
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007

| | 2004 EQUIPMENT FINANCING | 2005 EQUIPMENT FINANCING | 1999 BUILDING AUTHORITY BONDS | 2001 BUILDING AUTHORITY BONDS |
|---|--------------------------------|--------------------------------|--|--|
| REVENUES | | | | |
| Taxes and special assessments | \$ | \$ | \$ | \$ |
| Interest earnings | 21.83 | 43.48 | 1,136.41 | 971.24 |
| Other revenues | | | | |
| TOTAL REVENUES | <u>21.83</u> | <u>43.48</u> | <u>1,136.41</u> | <u>971.24</u> |
| EXPENDITURES | | | | |
| Debt Service | | | | |
| Principal retirement | | 167,997.67 | 65,000.00 | 105,000.00 |
| Interest and fiscal charges | | 36,347.33 | 22,606.25 | 52,065.00 |
| TOTAL EXPENDITURES | | <u>204,345.00</u> | <u>87,606.25</u> | <u>157,065.00</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>21.83</u> | <u>(204,301.52)</u> | <u>(86,469.84)</u> | <u>(156,093.76)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | | 204,345.57 | 83,641.00 | 154,090.00 |
| Operating transfers out | | | | |
| TOTAL OTHER FINANCING SOURCES (USES) | | <u>204,345.57</u> | <u>83,641.00</u> | <u>154,090.00</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | <u>21.83</u> | <u>44.05</u> | <u>(2,828.84)</u> | <u>(2,003.76)</u> |
| FUND BALANCE, JULY 1 | <u>568.10</u> | <u>37.97</u> | <u>30,557.94</u> | <u>25,810.99</u> |
| FUND BALANCE, JUNE 30 | <u>\$ 589.93</u> | <u>\$ 82.02</u> | <u>\$ 27,729.10</u> | <u>\$ 23,807.23</u> |

| 2002 BUILDING AUTHORITY REFUNDING | TOTAL DEBT SERVICE 2008 | ELIMINATION OF MAJOR FUNDS | TOTAL NON-MAJOR DEBT SERVICE 2008 | TOTAL DEBT SERVICE 2007 |
|--|-------------------------------|----------------------------------|--|--|
| \$ 706.76 | \$ 303,020.72 27,621.46 | \$ (81,265.71) (2,923.30) | \$ 221,755.01 24,698.16 | \$ 385,009.53 44,469.78 1,869.72 |
| <u>706.76</u> | <u>330,642.18</u> | <u>(84,189.01)</u> | <u>246,453.17</u> | <u>431,349.03</u> |
| 135,000.00 22,872.50 | 1,132,997.67 227,806.74 | (25,000.00) (14,852.29) | 1,107,997.67 212,954.45 | 1,268,944.87 246,415.42 |
| <u>157,872.50</u> | <u>1,360,804.41</u> | <u>(39,852.29)</u> | <u>1,320,952.12</u> | <u>1,515,360.29</u> |
| <u>(157,165.74)</u> | <u>(1,030,162.23)</u> | <u>(44,336.72)</u> | <u>(1,074,498.95)</u> | <u>(1,084,011.26)</u> |
| 154,899.00 | 1,038,317.05 (260,303.56) | (30,790.16) | 1,007,526.89 (260,303.56) | 1,110,663.51 (164,729.00) |
| <u>154,899.00</u> | <u>778,013.49</u> | <u>(30,790.16)</u> | <u>747,223.33</u> | <u>945,934.51</u> |
| (2,266.74) | (252,148.74) | (75,126.88) | (327,275.62) | (138,076.75) |
| <u>18,927.41</u> | <u>832,498.51</u> | <u>(45,113.72)</u> | <u>787,384.79</u> | <u>970,575.26</u> |
| \$ <u><u>16,660.67</u></u> | \$ <u><u>580,349.77</u></u> | \$ <u><u>(120,240.60)</u></u> | \$ <u><u>460,109.17</u></u> | \$ <u><u>832,498.51</u></u> |

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CAPITAL PROJECTS FUNDS

Capital Projects Funds are designed to account for the resources expended to acquire assets of a relatively permanent nature. (Enterprise Fund resources are not included in this category). These funds satisfy the special accounting requirements for bond proceeds and projects utilizing more than one funding source.

Capital Projects Funds provide a formal mechanism which enables administrators to ensure that revenues dedicated to a certain purpose are used only for that purpose and further enables them to report to creditors and other grantors of Capital Projects Fund revenue that their requirements regarding the use of the revenue were fully satisfied.

The City's Capital Projects Funds include the Land Acquisition, Infrastructure, 2005 Equipment Financing, 2006 General Obligation Construction, 2006 Special Assessment Construction, 2007 General Obligation Construction, 2007 Special Assessment Construction and 2008 Special Assessment Construction.

CITY OF LAPEER, MICHIGAN
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

| | LAND ACQUISITION | INFRA- STRUCTURE | 2005 EQUIPMENT FINANCING |
|---|----------------------|----------------------|--------------------------------|
| ASSETS | | | |
| Cash | \$ 262,215.50 | \$ 65,996.40 | \$ 40,321.65 |
| Investments | 300,000.00 | | |
| Accounts receivable | | 50,233.45 | |
| Special assessment receivable | | 2,953.45 | |
| Due from other funds | 50,795.62 | 1,010.96 | |
| TOTAL ASSETS | \$ 613,011.12 | \$ 120,194.26 | \$ 40,321.65 |
| LIABILITIES AND FUND BALANCE | | | |
| LIABILITIES | | | |
| Accounts payable | \$ | \$ 13,399.00 | \$ |
| Deferred revenue | | 2,953.45 | |
| Due to other funds | | | 3,850.00 |
| TOTAL LIABILITIES | | 16,352.45 | 3,850.00 |
| FUND BALANCE | | | |
| Unreserved and undesignated | 613,011.12 | 103,841.81 | 36,471.65 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 613,011.12 | \$ 120,194.26 | \$ 40,321.65 |

| 2006 GENERAL OBLIGATION CONSTRUCTION | 2006 SPECIAL ASSESSMENT CONSTRUCTION | 2007 GENERAL OBLIGATION CONSTRUCTION | 2007 SPECIAL ASSESSMENT CONSTRUCTION | 2008 SPECIAL ASSESSMENT CONSTRUCTION |
|---|---|---|---|---|
| \$ | \$ | \$ 63,632.39 | \$ 70,399.46 | \$ |
| <u>\$</u> | <u>\$</u> | <u>\$ 63,632.39</u> | <u>\$ 70,399.46</u> | <u>\$</u> |
| \$ | \$ | \$ | \$ | \$ |
| <u></u> | <u></u> | <u></u> | <u></u> | <u>93.00</u> |
| <u></u> | <u></u> | <u></u> | <u></u> | <u>93.00</u> |
| <u></u> | <u></u> | <u>63,632.39</u> | <u>70,399.46</u> | <u>(93.00)</u> |
| <u>\$</u> | <u>\$</u> | <u>\$ 63,632.39</u> | <u>\$ 70,399.46</u> | <u>\$</u> |

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CITY OF LAPEER, MICHIGAN
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS - Concluded
JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

| | TOTAL CAPITAL PROJECTS 2008 | ELIMINATION OF MAJOR FUNDS | TOTAL NON-MAJOR CAPITAL PROJECTS 2008 | TOTAL CAPITAL PROJECTS 2007 |
|---|--------------------------------------|----------------------------------|--|--------------------------------------|
| ASSETS | | | | |
| Cash | \$ 502,565.40 | \$ (262,215.50) | \$ 240,349.90 | \$ 660,730.10 |
| Investments | 300,000.00 | (300,000.00) | | 411,900.00 |
| Accounts receivable | 50,233.45 | | 50,233.45 | 176,015.45 |
| Special assessment receivable | 2,953.45 | | 2,953.45 | |
| Due from other funds | <u>51,806.58</u> | <u>(50,795.62)</u> | <u>1,010.96</u> | <u>83,713.73</u> |
| TOTAL ASSETS | <u>\$ 907,558.88</u> | <u>\$ (613,011.12)</u> | <u>\$ 294,547.76</u> | <u>\$ 1,332,359.28</u> |
| LIABILITIES AND FUND BALANCE | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ 13,399.00 | \$ | \$ 13,399.00 | \$ 152,214.00 |
| Deferred revenue | 2,953.45 | | 2,953.45 | 3,457.00 |
| Due to other funds | <u>3,943.00</u> | <u></u> | <u>3,943.00</u> | <u>282,613.74</u> |
| TOTAL LIABILITIES | <u>20,295.45</u> | <u></u> | <u>20,295.45</u> | <u>438,284.74</u> |
| FUND BALANCE | | | | |
| Unreserved and undesignated | <u>887,263.43</u> | <u>(613,011.12)</u> | <u>274,252.31</u> | <u>894,074.54</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 907,558.88</u> | <u>\$ (613,011.12)</u> | <u>\$ 294,547.76</u> | <u>\$ 1,332,359.28</u> |

CITY OF LAPEER, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007

| | LAND ACQUISITION | INFRA- STRUCTURE | 2005 EQUIPMENT FINANCING |
|---|-----------------------------|-----------------------------|--------------------------------|
| REVENUES | | | |
| Interest | \$ 25,065.82 | \$ 2,283.76 | \$ 1,662.45 |
| Other | | 508.26 | |
| TOTAL REVENUES | <u>25,065.82</u> | <u>2,792.02</u> | <u>1,662.45</u> |
| EXPENDITURES | | | |
| Capital outlay | 13,579.25 | 25,000.00 | |
| Other | <u>18,036.75</u> | <u>61,542.65</u> | |
| TOTAL EXPENDITURES | <u>31,616.00</u> | <u>86,542.65</u> | |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(6,550.18)</u> | <u>(83,750.63)</u> | <u>1,662.45</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Bond proceeds | | | |
| Operating transfers in | 7,047.93 | 159,148.75 | |
| Operating transfers out | <u>(62,000.00)</u> | <u>(57,277.00)</u> | <u>(3,850.00)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(54,952.07)</u> | <u>101,871.75</u> | <u>(3,850.00)</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES OTHER USES | (61,502.25) | 18,121.12 | (2,187.55) |
| FUND BALANCE, JULY 1 | <u>674,513.37</u> | <u>85,720.69</u> | <u>38,659.20</u> |
| FUND BALANCE, JUNE 30 | <u><u>\$ 613,011.12</u></u> | <u><u>\$ 103,841.81</u></u> | <u><u>\$ 36,471.65</u></u> |

| 2006 GENERAL OBLIGATION CONSTRUCTION | 2006 SPECIAL ASSESSMENT CONSTRUCTION | 2007 GENERAL OBLIGATION CONSTRUCTION | 2007 SPECIAL ASSESSMENT CONSTRUCTION | 2008 SPECIAL ASSESSMENT CONSTRUCTION |
|---|---|---|---|---|
| \$ 2,270.26 | \$ 1,310.95 | \$ 1,983.77 | \$ 3,170.13 | \$ |
| <u>2,270.26</u> | <u>1,310.95</u> | <u>1,983.77</u> | <u>3,170.13</u> | |
| | | | | |
| | | <u>4,316.43</u> | <u>7,102.96</u> | <u>93.00</u> |
| | | <u>4,316.43</u> | <u>7,102.96</u> | <u>93.00</u> |
| | | | | |
| <u>2,270.26</u> | <u>1,310.95</u> | <u>(2,332.66)</u> | <u>(3,932.83)</u> | <u>(93.00)</u> |
| | | | | |
| | | 110,000.00 | 175,000.00 | |
| <u>(62,964.20)</u> | <u>(35,798.29)</u> | <u>(44,034.95)</u> | <u>(100,667.71)</u> | |
| | | | | |
| <u>(62,964.20)</u> | <u>(35,798.29)</u> | <u>65,965.05</u> | <u>74,332.29</u> | |
| | | | | |
| (60,693.94) | (34,487.34) | 63,632.39 | 70,399.46 | (93.00) |
| <u>60,693.94</u> | <u>34,487.34</u> | | | |
| \$ <u><u> </u></u> | \$ <u><u> </u></u> | \$ <u><u>63,632.39</u></u> | \$ <u><u>70,399.46</u></u> | \$ <u><u>(93.00)</u></u> |

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CITY OF LAPEER, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUNDS - Concluded
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007

| | TOTAL CAPITAL PROJECTS 2008 | ELIMINATION OF MAJOR FUNDS | TOTAL NON-MAJOR CAPITAL PROJECTS 2008 | TOTAL CAPITAL PROJECTS 2007 |
|---|--------------------------------------|----------------------------------|--|--------------------------------------|
| REVENUES | | | | |
| Interest | \$ 37,747.14 | \$ (25,065.82) | \$ 12,681.32 | \$ 62,715.41 |
| Other | <u>508.26</u> | <u></u> | <u>508.26</u> | <u>314,439.49</u> |
| TOTAL REVENUES | <u>38,255.40</u> | <u>(25,065.82)</u> | <u>13,189.58</u> | <u>377,154.90</u> |
| EXPENDITURES | | | | |
| Capital outlay | 38,579.25 | (13,579.25) | 25,000.00 | 804,993.23 |
| Other | <u>91,091.79</u> | <u>(18,036.75)</u> | <u>73,055.04</u> | <u>53,956.78</u> |
| TOTAL EXPENDITURES | <u>129,671.04</u> | <u>(31,616.00)</u> | <u>98,055.04</u> | <u>858,950.01</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(91,415.64)</u> | <u>6,550.18</u> | <u>(84,865.46)</u> | <u>(481,795.11)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bond proceeds | 285,000.00 | | 285,000.00 | 750,000.00 |
| Operating transfers in | 166,196.68 | (7,047.93) | 159,148.75 | 336,199.24 |
| Operating transfers out | <u>(366,592.15)</u> | <u>62,000.00</u> | <u>(304,592.15)</u> | <u>(1,046,782.17)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>84,604.53</u> | <u>54,952.07</u> | <u>139,556.60</u> | <u>39,417.07</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | (6,811.11) | 61,502.25 | 54,691.14 | (442,378.04) |
| FUND BALANCE, JULY 1 | <u>894,074.54</u> | <u>(674,513.37)</u> | <u>219,561.17</u> | <u>1,336,452.58</u> |
| FUND BALANCE, JUNE 30 | <u>\$ 887,263.43</u> | <u>\$ (613,011.12)</u> | <u>\$ 274,252.31</u> | <u>\$ 894,074.54</u> |

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INTERNAL SERVICE FUNDS

Internal Service Funds are established to finance and account for services and/or commodities furnished by a designated program to other programs within the City. Since the services and commodities are supplied exclusively to programs under the City's jurisdiction, they are distinguishable from those services which are rendered to the public in general and which are accounted for in General, Special Revenue or Enterprise Funds.

The City's Motor Pool Fund, Information Technology Fund, and Telephone Communication Fund are operated as Internal Service Funds.

CITY OF LAPEER, MICHIGAN
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

| | MOTOR POOL | INFORMATION TECHN- OLOGY |
|------------------------------------|------------------------|--------------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 177,435.96 | \$ 178,630.78 |
| Investments | 300,000.00 | |
| Accounts receivable | | |
| Prepaid expenses | 41,009.94 | 2,211.00 |
| Inventory | <u>25,141.75</u> | |
| TOTAL CURRENT ASSETS | <u>543,587.65</u> | <u>180,841.78</u> |
| FIXED ASSETS | | |
| Land and improvements | 22,328.64 | |
| Vehicles and equipment | 2,618,160.72 | 13,794.00 |
| Accumulated depreciation | <u>(1,710,064.77)</u> | <u>(10,899.14)</u> |
| NET FIXED ASSETS | <u>930,424.59</u> | <u>2,894.86</u> |
| TOTAL ASSETS | <u>\$ 1,474,012.24</u> | <u>\$ 183,736.64</u> |
| LIABILITIES AND FUND EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 18,077.35 | \$ 6,783.03 |
| Due to other funds | 219,241.03 | |
| Accrued expenses | 2,976.81 | |
| Notes payable | <u>36,538.07</u> | |
| TOTAL CURRENT LIABILITIES | <u>276,833.26</u> | <u>6,783.03</u> |
| LONG-TERM LIABILITIES | | |
| Notes payable | <u>151,217.28</u> | |
| TOTAL LIABILITIES | <u>428,050.54</u> | <u>6,783.03</u> |
| FUND EQUITY | | |
| Contributed capital - local | <u>40,000.00</u> | |
| RETAINED EARNINGS | | |
| Retained earnings | 980,819.95 | 176,953.61 |
| Reserve for inventory | <u>25,141.75</u> | |
| TOTAL RETAINED EARNINGS | <u>1,005,961.70</u> | <u>176,953.61</u> |
| TOTAL FUND EQUITY | <u>1,045,961.70</u> | <u>176,953.61</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 1,474,012.24</u> | <u>\$ 183,736.64</u> |

| TELEPHONE COMMUN- ICATION | 2008 | TOTALS | 2007 |
|---------------------------------|------------------------|--------|------------------------|
| \$ 13,191.01 | \$ 369,257.75 | | \$ 553,106.23 |
| | 300,000.00 | | |
| 432.00 | 43,652.94 | | 2,492.50 |
| | 25,141.75 | | 3,208.08 |
| <u>13,623.01</u> | <u>738,052.44</u> | | <u>31,284.40</u> |
| | | | 590,091.21 |
| | 22,328.64 | | 22,328.64 |
| | 2,631,954.72 | | 2,433,785.63 |
| | <u>(1,720,963.91)</u> | | <u>(1,505,121.02)</u> |
| | 933,319.45 | | 950,993.25 |
| \$ <u>13,623.01</u> | \$ <u>1,671,371.89</u> | | \$ <u>1,541,084.46</u> |
| \$ 943.57 | \$ 25,803.95 | | \$ 45,438.00 |
| | 219,241.03 | | 301,752.38 |
| | 2,976.81 | | 2,322.88 |
| | <u>36,538.07</u> | | <u>35,160.71</u> |
| <u>943.57</u> | <u>284,559.86</u> | | <u>384,673.97</u> |
| | | | 187,755.35 |
| <u>943.57</u> | <u>151,217.28</u> | | <u>572,429.32</u> |
| | <u>435,777.14</u> | | |
| | | | 40,000.00 |
| | <u>40,000.00</u> | | |
| 12,679.44 | 1,170,453.00 | | 897,370.74 |
| | 25,141.75 | | 31,284.40 |
| <u>12,679.44</u> | <u>1,195,594.75</u> | | <u>928,655.14</u> |
| <u>12,679.44</u> | <u>1,235,594.75</u> | | <u>968,655.14</u> |
| \$ <u>13,623.01</u> | \$ <u>1,671,371.89</u> | | \$ <u>1,541,084.46</u> |

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007

| | MOTOR POOL | INFORMATION TECHN- OLOGY |
|---|-------------------------------|--------------------------------|
| OPERATING REVENUES | | |
| Equipment rentals | \$ 888,321.66 | \$ 207,701.25 |
| OPERATING EXPENSES | | |
| Salaries and wages | 99,295.27 | |
| Fringe benefits | 59,898.66 | |
| Office supplies | 1,224.81 | |
| Operating supplies | 226,827.11 | |
| Repairs and maintenance | 5,609.53 | 93,695.01 |
| Professional and contractual services | 9,464.75 | |
| Insurance | 38,782.00 | 2,124.00 |
| Rental | 4,276.98 | |
| Miscellaneous | 700.71 | |
| Depreciation | 220,193.09 | 2,758.80 |
| Capital outlay | | 18,512.04 |
| Utilities | <u>11,660.96</u> | |
| TOTAL OPERATING EXPENSES | <u>677,933.87</u> | <u>117,089.85</u> |
| OPERATING INCOME | <u>210,387.79</u> | <u>90,611.40</u> |
| NONOPERATING REVENUE (EXPENSE) | | |
| Interest income | 20,591.49 | 5,740.45 |
| Interest expense | (8,609.75) | |
| Gain on sale of fixed assets | | |
| TOTAL NONOPERATING REVENUE (EXPENSE) | <u>11,981.74</u> | <u>5,740.45</u> |
| OPERATING TRANSFERS | | |
| Operating transfers in | | |
| Operating transfers out | <u>(56,626.24)</u> | <u>(10,000.00)</u> |
| TOTAL OPERATING TRANSFERS | <u>(56,626.24)</u> | <u>(10,000.00)</u> |
| NET INCOME | 165,743.29 | 86,351.85 |
| RETAINED EARNINGS, JULY 1 | 840,218.41 | 90,601.76 |
| PRIOR PERIOD ADJUSTMENT | | |
| RETAINED EARNINGS, JUNE 30 | \$ <u><u>1,005,961.70</u></u> | \$ <u><u>176,953.61</u></u> |

| TELEPHONE COMMUN- ICATION | 2008 | TOTALS | 2007 |
|---------------------------------|-------------------------------|--------|-----------------------------|
| \$ <u>52,869.00</u> | \$ <u>1,148,891.91</u> | | \$ <u>1,180,596.29</u> |
| | 99,295.27 | | 97,198.70 |
| | 59,898.66 | | 55,792.08 |
| | 1,224.81 | | 1,086.15 |
| | 226,827.11 | | 177,413.48 |
| 1,170.00 | 100,474.54 | | 86,989.79 |
| | 9,464.75 | | 20,495.47 |
| 432.00 | 41,338.00 | | 45,950.00 |
| | 4,276.98 | | 4,283.63 |
| | 700.71 | | 765.74 |
| | 222,951.89 | | 201,290.17 |
| 3,034.50 | 21,546.54 | | 42,636.48 |
| <u>43,454.87</u> | <u>55,115.83</u> | | <u>60,873.48</u> |
| <u>48,091.37</u> | <u>843,115.09</u> | | <u>794,775.17</u> |
| <u>4,777.63</u> | <u>305,776.82</u> | | <u>385,821.12</u> |
| | | | |
| 66.84 | 26,398.78 | | 10,365.21 |
| | (8,609.75) | | (6,703.41) |
| | | | <u>143,999.69</u> |
| <u>66.84</u> | <u>17,789.03</u> | | <u>147,661.49</u> |
| | | | |
| 10,000.00 | 10,000.00 | | |
| | <u>(66,626.24)</u> | | <u>(53,352.24)</u> |
| <u>10,000.00</u> | <u>(56,626.24)</u> | | <u>(53,352.24)</u> |
| 14,844.47 | 266,939.61 | | 480,130.37 |
| (2,165.03) | 928,655.14 | | 436,126.77 |
| | | | <u>12,398.00</u> |
| \$ <u><u>12,679.44</u></u> | \$ <u><u>1,195,594.75</u></u> | | \$ <u><u>928,655.14</u></u> |

CITY OF LAPEER, MICHIGAN
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007

| | MOTOR POOL | INFORMATION TECH- NOLOGY |
|---|---------------------------|--------------------------------|
| OPERATING ACTIVITIES | | |
| Operating income | \$ 210,387.79 | \$ 90,611.40 |
| Adjustments to reconcile operating income to net cash provided by operating activities | | |
| Depreciation | 220,193.09 | 2,758.80 |
| Prior period adjustment | | |
| Loss on sale of fixed assets | | |
| (Increase) decrease in assets | | |
| Inventory | 6,142.65 | |
| Prepaid expenses | (37,801.86) | (2,211.00) |
| Accounts receivable | | 2,492.50 |
| Increase (decrease) in liabilities | | |
| Accounts payable | (16,635.85) | (197.58) |
| Due to other funds | (82,511.35) | |
| Accrued expenses | 653.93 | |
| | <hr/> | <hr/> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <hr/> 300,428.40 | <hr/> 93,454.12 |
| NON-CAPITAL FINANCING ACTIVITIES | | |
| Operating transfers in | | |
| Operating transfers out | (56,626.24) | (10,000.00) |
| | <hr/> | <hr/> |
| NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES | <hr/> (56,626.24) | <hr/> (10,000.00) |
| CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Purchase of fixed assets | (205,278.09) | |
| Principal payments | (35,160.71) | |
| Increase in investments | (300,000.00) | |
| Interest paid | (8,609.75) | |
| Proceeds from sale of capital assets | | |
| | <hr/> | <hr/> |
| NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES | <hr/> (549,048.55) | <hr/> |
| INVESTING ACTIVITIES | | |
| Interest received | 20,591.49 | 5,740.45 |
| | <hr/> | <hr/> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (284,654.90) | 89,194.57 |
| CASH AND CASH EQUIVALENTS, JULY 1 | <hr/> 462,090.86 | <hr/> 89,436.21 |
| CASH AND CASH EQUIVALENTS, JUNE 30 | \$ <hr/> <hr/> 177,435.96 | \$ <hr/> <hr/> 178,630.78 |

| TELEPHONE COMMUN- ICATION | 2008 | TOTALS | 2007 |
|---------------------------------|-----------------------------|-----------------------------|--------------------|
| \$ 4,777.63 | \$ 305,776.82 | \$ 385,821.12 | |
| | 222,951.89 | | 201,290.17 |
| | | | (12,398.00) |
| | | | (235,509.07) |
| | 6,142.65 | | 281.10 |
| (432.00) | (40,444.86) | | 1,062.10 |
| | 2,492.50 | | (402.50) |
| | | | |
| (2,800.62) | (19,634.05) | | (23,325.63) |
| | (82,511.35) | | (9,553.62) |
| | 653.93 | | 105.51 |
| <u>1,545.01</u> | <u>395,427.53</u> | | <u>307,371.18</u> |
| | | | |
| 10,000.00 | 10,000.00 | | |
| | (66,626.24) | | (53,352.24) |
| <u>10,000.00</u> | <u>(56,626.24)</u> | | <u>(53,352.24)</u> |
| | | | |
| | (205,278.09) | | (324,296.32) |
| | (35,160.71) | | 51,199.01 |
| | (300,000.00) | | |
| | (8,609.75) | | (6,703.41) |
| | | | 204,008.61 |
| | | | |
| | (549,048.55) | | (75,792.11) |
| | | | |
| <u>66.84</u> | <u>26,398.78</u> | | <u>5,863.29</u> |
| | | | |
| 11,611.85 | (183,848.48) | | 184,090.12 |
| <u>1,579.16</u> | <u>553,106.23</u> | | <u>369,016.11</u> |
| \$ <u><u>13,191.01</u></u> | \$ <u><u>369,257.75</u></u> | \$ <u><u>553,106.23</u></u> | |

CITY OF LAPEER, MICHIGAN
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER
STATEMENT OF CASH FLOWS TO THE COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

| | CASH | INVESTMENT | STATEMENT OF CASH FLOWS TOTAL |
|------------------------------------|----------------------|------------|-------------------------------------|
| CASH AND CASH EQUIVALENTS, JULY 1 | \$ 553,106.23 | \$ | \$ 553,106.23 |
| NET DECREASE | <u>(183,848.48)</u> | <u></u> | <u>(183,848.48)</u> |
| CASH AND CASH EQUIVALENTS, JUNE 30 | <u>\$ 369,257.75</u> | <u>\$</u> | <u>\$ 369,257.75</u> |

PERMANENT FUND

The permanent fund exists to account for resources legally held in trust to be used for cemetery perpetual care.

CITY OF LAPEER, MICHIGAN
BALANCE SHEET
PERMANENT FUND
MT. HOPE CEMETERY PERPETUAL CARE
JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

| | 2008 | 2007 |
|--------------------------------------|---------------------|---------------------|
| ASSETS | | |
| Cash | \$ <u>74,410.26</u> | \$ <u>74,460.26</u> |
| FUND BALANCE | | |
| Reserved for cemetery perpetual care | \$ 74,069.27 | \$ 74,119.27 |
| Unreserved | <u>340.99</u> | <u>340.99</u> |
| TOTAL FUND BALANCE | \$ <u>74,410.26</u> | \$ <u>74,460.26</u> |

CITY OF LAPEER, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
PERMANENT FUND
MT. HOPE CEMETERY PERPETUAL CARE
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007

| | 2008 | 2007 |
|--|---------------------------------|---------------------------------|
| REVENUES | | |
| Donations and rights | \$ 460.00 | \$ 945.00 |
| Interest and rent | <u>3,169.23</u> | <u>6,405.65</u> |
| TOTAL REVENUES | <u>3,629.23</u> | <u>7,350.65</u> |
| EXPENDITURES | | |
| Other | <u> </u> | <u> </u> |
| EXCESS OF REVENUES OVER EXPENDITURES | 3,629.23 | 7,350.65 |
| OTHER FINANCING USES | | |
| Operating transfers out | <u>(3,679.23)</u> | <u>(71,632.65)</u> |
| DEFICIENCY OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES | (50.00) | (64,282.00) |
| FUND BALANCE, JULY 1 | <u>74,460.26</u> | <u>138,742.26</u> |
| FUND BALANCE, JUNE 30 | <u><u>\$ 74,410.26</u></u> | <u><u>\$ 74,460.26</u></u> |

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GENERAL LONG-TERM DEBT ACCOUNT GROUP

General obligation bonds and other forms of long-term debt supported by general revenues are obligations of the governmental unit as a whole and not its individual constituent funds. Also, the proceeds of such debt may be spent on facilities which are utilized in the operations of several funds. For these reasons, the amount of such unmatured long-term indebtedness is recorded and accounted for in a separate self-balancing group of accounts titled "General Long-Term Debt Account Group."

CITY OF LAPEER, MICHIGAN
STATEMENT OF GENERAL LONG-TERM DEBT
GENERAL LONG-TERM DEBT ACCOUNT GROUP
JUNE 30, 2008

**AMOUNTS AVAILABLE AND TO BE PROVIDED FOR
PAYMENT OF LONG-TERM DEBT**

| | |
|---|-------------------------------|
| Amount available in Debt Service Funds | \$ 580,349.77 |
| Amount to be provided for payment of long-term debt | <u>6,432,712.59</u> |
| TOTAL | <u>\$ 7,013,062.36</u> |

GENERAL LONG-TERM DEBT PAYABLE

| | |
|-----------------------------------|-------------------------------|
| 2001 Special Assessment Bonds | \$ 70,000.00 |
| 2006 General Obligation Tax Bond | 415,000.00 |
| 2006 Special Assessment Bonds | 235,000.00 |
| 2007 Special Assessment Bonds | 175,000.00 |
| Accumulated Compensated Absences | 623,720.22 |
| 2001 General Obligation Bonds | 150,000.00 |
| 2002 General Obligation Bonds | 188,389.83 |
| 2002 Special Assessment Bonds | 165,000.00 |
| 2002 Building Authority Refunding | 595,000.00 |
| Backhoe and Loader Loan | 139,865.44 |
| 2007 General Obligation Bonds | 110,000.00 |
| 1999 Building Authority Bonds | 505,000.00 |
| 2000 General Obligation Tax Bonds | 100,000.00 |
| 2000 Special Assessment Bonds | 20,000.00 |
| 2001 Building Authority Bonds | 1,040,000.00 |
| 2003 Special Assessment Bonds | 115,000.00 |
| 2003 General Obligation Bonds | 135,000.00 |
| Splash Park Loan | 198,137.37 |
| Fire Equipment Loan | 454,666.66 |
| Street Sweeper | 47,889.91 |
| Energy Savings Contract | 1,404,455.00 |
| Abstract Building | <u>125,937.9</u> |
| TOTAL | <u>\$ 7,013,062.36</u> |

CAPITAL ASSETS

CITY OF LAPEER, MICHIGAN
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

| | 2008 | 2007 |
|-----------------------------------|-------------------------|-------------------------|
| General Fixed Assets | | |
| Land | \$ 22,713,482.21 | \$ 22,778,082.21 |
| Construction in progress | 1,192,722.80 | 2,521,296.00 |
| Buildings | 5,596,023.97 | 5,596,023.97 |
| Improvements other than buildings | 4,471,780.50 | 3,195,894.80 |
| Machinery and equipment | 2,392,502.53 | 2,373,885.03 |
| Infrastructure | <u>37,808,990.32</u> | <u>36,727,304.73</u> |
| TOTAL | <u>\$ 74,175,502.33</u> | <u>\$ 73,192,486.74</u> |

CITY OF LAPEER, MICHIGAN
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2008

| | GENERAL FIXED ASSETS JULY 1, 2007 | ADDITIONS | DELETIONS | GENERAL FIXED ASSETS JUNE 30, 2008 |
|-------------------------------------|--|-----------------|---------------|---|
| General Government | | | | |
| City Hall | \$ 962,840.54 | \$ | \$ | \$ 962,840.54 |
| Accounting | 87,000.00 | 8,195.50 | | 95,195.50 |
| Assessor | 5,145.00 | 1,656.50 | | 6,801.50 |
| City Commission | 200,078.68 | | | 200,078.68 |
| City Manager | 20,251.50 | | | 20,251.50 |
| Geographic information systems | 7,896.75 | | | 7,896.75 |
| Information technology | 66,500.76 | | | 66,500.76 |
| Income tax | | 1,656.50 | | 1,656.50 |
| Planning | 4,240,143.12 | 190,400.00 | | 4,430,543.12 |
| Train depot | 189,553.13 | | | 189,553.13 |
| Cemetery | 144,224.93 | 67,171.00 | | 211,395.93 |
| Total General Government | 5,923,634.41 | 269,079.50 | | 6,192,713.91 |
| Public Safety | | | | |
| Police | 1,545,601.42 | 3,554.50 | | 1,549,155.92 |
| Fire | 3,360,410.26 | 3,554.50 | | 3,363,964.76 |
| Parking | 768,039.00 | | | 768,039.00 |
| Housing rehabilitation | 1,374,719.45 | | | 1,374,719.45 |
| Total Public Safety | 7,048,770.13 | 7,109.00 | | 7,055,879.13 |
| Parks and Recreation | | | | |
| Parks | 3,155,129.10 | 82,284.44 | 304,547.96 | 2,932,865.58 |
| Recreation | | 3,170.00 | | 3,170.00 |
| Trailer park | 176,160.55 | | | 176,160.55 |
| Community center | 311,577.97 | 305,227.96 | | 616,805.93 |
| Total Parks and Recreation | 3,642,867.62 | 390,682.40 | 304,547.96 | 3,729,002.06 |
| Public Works | 56,577,214.58 | 875,692.65 | 255,000.00 | 57,197,907.23 |
| Total General Fixed Assets | \$ 73,192,486.74 | \$ 1,542,563.55 | \$ 559,547.96 | \$ 74,175,502.33 |
| Component Units | | | | |
| Tax Increment Finance Authority | \$ 6,652,361.46 | \$ | \$ | \$ 6,652,361.46 |
| Local Development Finance Authority | 206,773.89 | | | 206,773.89 |
| Downtown Development Authority | 646,792.01 | | | 646,792.01 |
| Total Component Units | \$ 7,505,927.36 | \$ | \$ | \$ 7,505,927.36 |

CITY OF LAPEER, MICHIGAN
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2008

| | LAND | BUILDINGS | IMPROVEMENTS OTHER THAN BUILDINGS |
|-------------------------------------|-------------------------|------------------------|---|
| General Government | | | |
| City Hall | \$ 1,200.00 | \$ 927,157.82 | \$ 34,482.72 |
| Accounting | | | |
| Assessor | | | |
| City Commission | | 200,078.68 | |
| City Manager | | | |
| Geographic information systems | | | |
| Information technology | | | |
| Income tax | | | |
| Planning | 3,940,928.59 | 453,649.93 | 32,624.99 |
| Train depot | 42,857.13 | 30,000.00 | 108,906.00 |
| Cemetery | 105,468.75 | 20,490.46 | 75,436.72 |
| Total General Government | <u>4,090,454.47</u> | <u>1,631,376.89</u> | <u>251,450.43</u> |
| Public Safety | | | |
| Police | 448,263.00 | 1,010,929.19 | |
| Fire | 448,263.00 | 1,010,929.20 | |
| Parking | 768,039.00 | | |
| Housing rehabilitation | 1,324,486.00 | 50,233.45 | |
| Total Public Safety | <u>2,989,051.00</u> | <u>2,072,091.84</u> | |
| Parks and Recreation | | | |
| Parks | 846,386.91 | 322,035.94 | 1,636,300.80 |
| Recreation | | | |
| Trailer park | | | 176,160.55 |
| Community center | 208,262.25 | 14,743.00 | 321,597.96 |
| Total Parks and Recreation | <u>1,054,649.16</u> | <u>336,778.94</u> | <u>2,134,059.31</u> |
| Public Works | <u>14,579,327.58</u> | <u>1,555,776.30</u> | <u>2,086,270.76</u> |
| Total General Fixed Assets | <u>\$ 22,713,482.21</u> | <u>\$ 5,596,023.97</u> | <u>\$ 4,471,780.50</u> |
| Component Units | | | |
| Tax Increment Finance Authority | \$ 14,400.00 | \$ 6,637,961.46 | \$ |
| Local Development Finance Authority | 206,773.89 | | |
| Downtown Development Authority | 154,000.00 | 492,792.01 | |
| Total Component Units | <u>\$ 375,173.89</u> | <u>\$ 7,130,753.47</u> | <u>\$</u> |

| MACHINERY AND EQUIPMENT | CONSTRUCTION IN PROGRESS | INFRASTRUCTURE | TOTAL |
|-------------------------------|-------------------------------|--------------------------------|--------------------------------|
| \$ | \$ | \$ | \$ |
| 95,195.50 | | | 962,840.54 |
| 6,801.50 | | | 95,195.50 |
| | | | 6,801.50 |
| | | | 200,078.68 |
| 20,251.50 | | | 20,251.50 |
| 7,896.75 | | | 7,896.75 |
| 66,500.76 | | | 66,500.76 |
| 1,656.50 | | | 1,656.50 |
| 3,339.61 | | | 4,430,543.12 |
| 7,790.00 | | | 189,553.13 |
| 10,000.00 | | | 211,395.93 |
| <u>219,432.12</u> | | | <u>6,192,713.91</u> |
| 89,963.73 | | | 1,549,155.92 |
| 1,904,772.56 | | | 3,363,964.76 |
| | | | 768,039.00 |
| | | | 1,374,719.45 |
| <u>1,994,736.29</u> | | | <u>7,055,879.13</u> |
| 31,689.00 | 96,452.93 | | 2,932,865.58 |
| 3,170.00 | | | 3,170.00 |
| | | | 176,160.55 |
| <u>72,202.72</u> | | | <u>616,805.93</u> |
| <u>107,061.72</u> | <u>96,452.93</u> | | <u>3,729,002.06</u> |
| <u>71,272.40</u> | <u>1,096,269.87</u> | <u>37,808,990.32</u> | <u>57,197,907.23</u> |
| \$ <u><u>2,392,502.53</u></u> | \$ <u><u>1,192,722.80</u></u> | \$ <u><u>37,808,990.32</u></u> | \$ <u><u>74,175,502.33</u></u> |
| \$ | \$ | \$ | \$ |
| | | | 6,652,361.46 |
| | | | 206,773.89 |
| | | | 646,792.01 |
| \$ <u><u></u></u> | \$ <u><u></u></u> | \$ <u><u></u></u> | \$ <u><u>7,505,927.36</u></u> |

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Layton & Richardson, P.C.

Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and City Commission
City of Lapeer
Lapeer, Michigan

1000 Coolidge Road
East Lansing, MI 48823

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DaveLayton@LNRCPA .com

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Lapeer, Michigan, as of and for the year ended June 30, 2008, which collectively comprise the City of Lapeer, Michigan's basic financial statements and have issued our report thereon dated November 4, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Lapeer, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Lapeer, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the City of Lapeer, Michigan, in a separate letter dated November 4, 2008.

This report is intended solely for the information and use of the audit committee, others within the organization, City Council, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Layton & Richardson, P.C.
Certified Public Accountants

East Lansing, Michigan
November 4, 2008

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Layton & Richardson, P.C.

Certified Public Accountants

LETTER OF COMMENTS AND RECOMMENDATIONS

Honorable Mayor and City Commission
City of Lapeer
Lapeer, Michigan

1000 Coolidge Road
East Lansing, MI 48823

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We have examined the financial statements of the CITY OF LAPEER, MICHIGAN for the year ended June 30, 2008, and have issued our report thereon dated November 4, 2008. As part of our audit, we made a study and evaluation of the City's system of internal accounting controls to the extent we considered necessary solely to determine the nature, timing and extent of our auditing procedures. Accordingly, we do not express an opinion on the system of internal accounting control taken as a whole.

The management of the City of Lapeer, Michigan is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all weaknesses in the system. However, our examination did disclose the following conditions that we believe result in a risk that errors or irregularities in amounts that would be material in relation to the financial statements of the City of Lapeer may occur and not be detected within a timely period.

PRIOR YEAR RECOMMENDATIONS

NONE

CURRENT YEAR RECOMMENDATIONS

CASH RECEIPTS

It was noted during our testing that several receipt numbers were missing from the batch. This is due to negative amounts being entered as a cash receipt for NSF checks or an ACH return. We recommend that all transactions entered in as cash receipts be printed.

It was noted during our testing that several receipts were missing due to them being voided or posted to the wrong day. We recommend that all "void" transactions be printed and attached to the daily receipt summary and that someone verify the receipt sequence to ensure all receipts are properly posted.

CASH RECEIPTS - PARKS

During testing, it was noted that on several occasions, the register tapes did not agree to the cash sheets due to NSF scholarships, gift certificates, etc. We recommend a reconciliation process be implemented to show the breakdown of the difference.

We are grateful to the officials and employees of the City of Lapeer, Michigan for the assistance and cooperation which we received during the audit, and we thank them.

Very truly yours,

Hayton & Richardson, P.C.

Certified Public Accountants

East Lansing, Michigan
November 4, 2008

STATISTICAL SECTION

CITY OF LAPEER, MICHIGAN
GOVERNMENT-WIDE EXPENSES BY FUNCTION
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

| FISCAL YEAR | GENERAL GOVERNMENT | | PUBLIC SAFETY | | PUBLIC WORKS | | COMMUNITY DEVELOPMENT AND ENRICHMENT | HIGHWAYS AND STREETS | CULTURE AND RECREATION | | | |
|----------------|-----------------------|----------|------------------|----------|-----------------|--------|---|----------------------------|------------------------------|----------|----|----------|
| 1999 | \$ | 1,154.00 | \$ | 1,558.00 | \$ | 609.00 | \$ | 881.00 | \$ | 3,515.00 | \$ | 1,218.00 |
| 2000 | | 1,183.00 | | 1,707.00 | | 640.00 | | 1,906.00 | | 1,153.00 | | 1,284.00 |
| 2001 | | 1,225.00 | | 1,803.00 | | 694.00 | | 1,726.00 | | 1,492.00 | | 1,348.00 |
| 2002 | | 1,249.00 | | 1,938.00 | | 722.00 | | 1,714.00 | | 1,588.00 | | 1,506.00 |
| 2003 | | 1,387.00 | | 2,229.00 | | 788.00 | | 1,062.00 | | 1,961.00 | | 1,562.00 |
| 2004 | | 1,321.00 | | 2,225.00 | | 735.00 | | 767.00 | | 2,072.00 | | 1,796.00 |
| 2005 | | 1,306.00 | | 2,395.00 | | 730.00 | | 645.00 | | 878.00 | | 2,013.00 |
| 2006 | | 1,387.00 | | 2,578.00 | | 812.00 | | 1,516.00 | | 981.00 | | 2,595.00 |
| 2007 | | 1,504.00 | | 2,896.00 | | 825.00 | | 673.00 | | 1,982.00 | | 2,365.00 |
| 2008 | | 1,533.00 | | 3,036.00 | | 825.00 | | 981.00 | | 1,580.00 | | 1,967.00 |

| CAPITAL OUTLAY | OTHER | INTEREST ON LONG-TERM DEBT | WATER | SEWER | PARKING | TOTAL |
|-------------------|-----------|----------------------------------|-------------|-------------|----------|--------------|
| \$ 574.00 | \$ 491.00 | \$ 491.00 | \$ 1,479.00 | \$ 1,429.00 | \$ 69.00 | \$ 13,468.00 |
| 1,714.00 | 532.00 | 499.00 | 1,381.00 | 1,428.00 | 56.00 | 13,483.00 |
| 1,031.00 | 637.00 | 430.00 | 1,531.00 | 1,587.00 | 57.00 | 13,561.00 |
| 1,466.00 | 664.00 | 448.00 | 1,604.00 | 1,563.00 | 51.00 | 14,513.00 |
| 682.00 | 264.00 | 428.00 | 1,827.00 | 1,767.00 | 64.00 | 14,021.00 |
| 401.00 | 183.00 | 329.00 | 1,833.00 | 1,735.00 | 70.00 | 13,467.00 |
| 696.00 | 197.00 | 303.00 | 1,749.00 | 1,921.00 | 77.00 | 12,910.00 |
| 205.00 | 282.00 | 247.00 | 1,801.00 | 1,849.00 | 68.00 | 14,321.00 |
| 805.00 | 310.00 | 246.00 | 1,920.00 | 2,155.00 | 74.00 | 15,755.00 |
| 38.00 | 389.00 | 228.00 | 1,725.00 | 2,248.00 | 80.00 | 14,630.00 |

CITY OF LAPEER, MICHIGAN
GOVERNMENT-WIDE REVENUES
LAST TEN FISCAL YEARS

| PROGRAM REVENUES | | | | |
|------------------|----|----------------------------|---|--|
| FISCAL YEAR | | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS |
| 1999 | \$ | 4,767,966.64 | \$ 621,128.00 | \$ 184,807.00 |
| 2000 | | 4,876,845.24 | 627,525.00 | 383,609.00 |
| 2001 | | 4,440,596.23 | 699,641.00 | 262,836.00 |
| 2002 | | 4,840,353.80 | 719,076.00 | 407,454.00 |
| 2003 | | 5,997,683.30 | 1,536,325.59 | |
| 2004 | | 7,220,909.53 | 1,103,848.86 | |
| 2005 | | 7,221,836.58 | 904,933.35 | |
| 2006 | | 6,583,823.91 | 3,014,335.27 | |
| 2007 | | 6,490,832.62 | 2,015,429.33 | |
| 2008 | | 6,548,506.39 | 2,212,740.13 | |

GENERAL REVENUES

| | TAXES | GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS | UNRESTRICTED INVESTMENT EARNINGS | MISCELLANEOUS | TOTAL |
|----|--------------|--|--|---------------|------------------|
| \$ | 3,662,336.26 | \$ 816,444.00 | \$ 587,424.86 | \$ 520,261.49 | \$ 11,160,368.25 |
| | 3,906,418.58 | 836,253.00 | 724,647.08 | 709,958.96 | 12,065,256.86 |
| | 3,866,991.69 | 938,510.00 | 677,510.35 | 402,211.78 | 11,288,297.05 |
| | 4,135,221.28 | 1,037,526.00 | 420,249.29 | 269,860.59 | 11,829,740.96 |
| | 5,644,884.30 | | 302,319.06 | 676,290.37 | 14,157,502.62 |
| | 4,339,746.67 | | 256,562.02 | 1,184,987.50 | 14,106,054.58 |
| | 4,474,048.32 | | 348,843.34 | 1,287,261.21 | 14,236,922.80 |
| | 4,836,793.27 | | 509,936.11 | (53,731.27) | 14,891,157.29 |
| | 5,302,525.11 | | 521,264.55 | 752,549.68 | 15,082,601.29 |
| | 5,503,892.04 | | 423,261.95 | 502,469.95 | 15,190,870.46 |

CITY OF LAPEER, MICHIGAN
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

| FISCAL YEAR | GENERAL GOVERNMENT | PUBLIC SAFETY | PUBLIC WORKS | COMMUNITY DEVELOPMENT AND ENRICHMENT | HIGHWAYS AND STREETS |
|----------------|-----------------------|------------------|-----------------|---|----------------------------|
| 1999 | \$ 1,154.00 | \$ 1,558.00 | \$ 609.00 | \$ 881.00 | \$ 3,515.00 |
| 2000 | 1,183.00 | 1,707.00 | 640.00 | 1,906.00 | 1,153.00 |
| 2001 | 1,225.00 | 1,803.00 | 694.00 | 1,726.00 | 1,492.00 |
| 2002 | 1,249.00 | 1,938.00 | 722.00 | 1,714.00 | 1,588.00 |
| 2003 | 1,387.00 | 2,229.00 | 788.00 | 1,062.00 | 1,961.00 |
| 2004 | 1,321.00 | 2,225.00 | 735.00 | 767.00 | 2,072.00 |
| 2005 | 1,306.00 | 2,395.00 | 730.00 | 645.00 | 878.00 |
| 2006 | 1,387.00 | 2,578.00 | 812.00 | 1,516.00 | 981.00 |
| 2007 | 1,504.00 | 2,896.00 | 825.00 | 673.00 | 1,982.00 |
| 2008 | 1,533.00 | 3,036.00 | 825.00 | 981.00 | 1,580.00 |

(1) Includes general, special revenue, and debt service funds

| CULTURE AND RECREATION | CAPITAL OUTLAY | OTHER | DEBT SERVICE | TOTAL |
|------------------------------|-------------------|-----------|-----------------|--------------|
| \$ 1,218.00 | \$ 574.00 | \$ 491.00 | \$ 1,651.00 | \$ 11,651.00 |
| 1,284.00 | 1,714.00 | 532.00 | 1,896.00 | 12,015.00 |
| 1,348.00 | 1,031.00 | 637.00 | 1,756.00 | 11,712.00 |
| 1,506.00 | 1,466.00 | 664.00 | 1,926.00 | 12,773.00 |
| 1,562.00 | 682.00 | 264.00 | 3,312.00 | 13,247.00 |
| 1,796.00 | 401.00 | 183.00 | 1,482.00 | 10,982.00 |
| 2,013.00 | 696.00 | 197.00 | 1,487.00 | 10,347.00 |
| 2,595.00 | 205.00 | 282.00 | 1,336.00 | 11,692.00 |
| 2,365.00 | 805.00 | 310.00 | 1,515.00 | 12,875.00 |
| 1,967.00 | 38.00 | 389.00 | 1,361.00 | 11,710.00 |

CITY OF LAPEER, MICHIGAN
GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS

| FISCAL YEAR | | TAXES | | LICENSES AND PERMITS | | INTER- GOVERNMENTAL | | CHARGES FOR SERVICES |
|----------------|----|--------------|----|----------------------------|----|------------------------|----|-------------------------|
| 1999 | \$ | 4,479,579.95 | \$ | 1,997.50 | \$ | 1,606,061.79 | \$ | 1,492,882.91 |
| 2000 | | 4,742,843.09 | | 7,088.00 | | 1,754,530.15 | | 1,617,326.90 |
| 2001 | | 4,757,038.89 | | 7,750.00 | | 2,100,497.38 | | 1,652,916.14 |
| 2002 | | 5,103,654.63 | | 4,821.00 | | 2,149,964.29 | | 1,585,075.28 |
| 2003 | | 4,180,289.78 | | 7,062.00 | | 1,892,186.34 | | 1,769,823.18 |
| 2004 | | 4,293,785.48 | | 4,188.00 | | 1,975,778.06 | | 1,807,287.40 |
| 2005 | | 4,463,662.59 | | 7,721.50 | | 1,706,431.60 | | 1,968,633.05 |
| 2006 | | 4,935,444.21 | | 8,044.26 | | 2,875,472.45 | | 2,097,808.88 |
| 2007 | | 4,955,406.77 | | 11,334.00 | | 1,817,770.63 | | 2,138,080.73 |
| 2008 | | 5,285,723.34 | | 8,262.00 | | 2,015,723.98 | | 2,154,269.99 |

| FINES AND FORFEITS | INVESTMENT EARNINGS | SPECIAL ASSESSMENTS | MISCELLANEOUS | TOTAL |
|-----------------------|------------------------|------------------------|---------------|-----------------|
| \$ 57,390.98 | \$ 676,086.70 | \$ 574,991.15 | \$ 366,778.68 | \$ 9,255,769.66 |
| 78,589.06 | 707,001.81 | 480,612.61 | 850,558.52 | 10,238,550.14 |
| 72,464.39 | 751,789.39 | 361,293.38 | 433,087.63 | 10,136,837.20 |
| 54,824.44 | 488,639.60 | 437,577.43 | 208,664.33 | 10,033,221.00 |
| 65,583.71 | 352,246.23 | 379,294.78 | 929,668.39 | 9,576,154.41 |
| 63,256.68 | 280,621.19 | 466,584.21 | 603,578.90 | 9,495,079.92 |
| 42,542.20 | 296,562.05 | 356,414.28 | 1,185,174.77 | 10,027,142.04 |
| 48,818.82 | 341,446.27 | 319,905.55 | 937,785.17 | 11,564,725.61 |
| 59,398.80 | 416,503.09 | 385,009.53 | 1,343,044.80 | 11,126,548.35 |
| 67,973.54 | 336,513.36 | 303,020.72 | 353,758.92 | 10,525,245.85 |

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CITY OF LAPEER, MICHIGAN
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS

| FISCAL YEAR | | PROPERTY TAX | | INCOME TAX | | PENALTIES AND INTEREST |
|----------------|----|-----------------|----|---------------|----|------------------------------|
| 1999 | \$ | 2,498,589.78 | \$ | 1,937,153.41 | \$ | 43,836.76 |
| 2000 | | 2,603,521.16 | | 2,105,049.74 | | 34,272.19 |
| 2001 | | 2,746,998.00 | | 1,968,185.84 | | 41,855.05 |
| 2002 | | 2,922,311.98 | | 2,100,527.45 | | 80,815.20 |
| 2003 | | 2,082,519.29 | | 2,050,821.81 | | 46,948.68 |
| 2004 | | 2,073,110.88 | | 2,164,035.74 | | 56,638.86 |
| 2005 | | 2,147,464.60 | | 2,243,650.17 | | 72,547.82 |
| 2006 | | 2,547,151.20 | | 2,318,484.99 | | 69,808.20 |
| 2007 | | 2,713,467.58 | | 2,177,324.41 | | 64,614.78 |
| 2008 | | 2,808,582.22 | | 2,393,803.38 | | 83,337.74 |

CITY OF LAPEER, MICHIGAN
PROPERTY TAX LEVIES AND COLLECTIONS

| FISCAL YEAR | TOTAL TAX LEVY | CURRENT TAX COLLECTIONS | PERCENT OF CURRENT TAXES COLLECTED |
|----------------|-------------------|-------------------------------|---|
| 1999 | \$ 1,486,217.97 | \$ 1,419,345.04 | 95.50% |
| 2000 | 1,570,156.97 | 1,511,416.84 | 96.26% |
| 2001 | 1,657,260.29 | 1,597,372.56 | 96.39% |
| 2002 | 1,752,035.65 | 1,687,335.87 | 96.31% |
| 2003 | 1,864,422.24 | 1,790,579.20 | 96.04% |
| 2004 | 1,862,425.89 | 1,757,712.64 | 94.38% |
| 2005 | 1,931,878.81 | 1,839,811.30 | 95.23% |
| 2006 | 2,315,842.53 | 2,214,238.54 | 95.61% |
| 2007 | 2,463,838.72 | 2,330,978.69 | 94.61% |
| 2008 | 2,594,421.22 | 2,452,729.40 | 94.54% |

| DELINQUENT TAX COLLECTIONS | TOTAL TAX COLLECTIONS | RATIO OF TOTAL TAX COLLECTIONS TO TOTAL TAX LEVY | OUTSTANDING DELINQUENT TAXES | RATIO OF DELINQUENT TAXES TO TOTAL TAX LEVY |
|----------------------------------|--------------------------|--|------------------------------------|---|
| \$ 66,121.41 | \$ 1,485,466.45 | 99.95% | \$ 751.52 | 0.05% |
| 58,582.76 | 1,569,999.60 | 99.99% | 157.37 | 0.01% |
| 59,448.62 | 1,656,821.18 | 99.97% | 439.11 | 0.03% |
| 64,699.78 | 1,752,035.65 | 100.00% | | |
| 62,675.12 | 1,853,254.32 | 99.40% | 11,167.92 | 0.60% |
| 82,361.32 | 1,840,073.96 | 98.80% | 22,351.93 | 1.20% |
| 14,736.15 | 1,854,547.45 | 96.00% | 77,331.36 | 4.00% |
| 96,382.88 | 2,310,621.42 | 99.77% | 5,221.11 | 0.23% |
| 127,756.09 | 2,458,734.78 | 99.79% | 5,103.94 | 0.21% |
| 140,522.65 | 2,593,252.05 | 99.95% | 1,169.17 | 0.05% |

CITY OF LAPEER, MICHIGAN
ASSESED AND ESTIMATED ACTUAL VALUE OF PROPERTY
LAST TEN FISCAL YEARS

| FISCAL YEAR | REAL PROPERTY | | | PERSONAL PROPERTY |
|----------------|--------------------------|-------------------------|---------------------------------|--------------------------|
| | (1) ASSESSED VALUE | (2) TAXABLE VALUE | ESTIMATED TRUE CASH VALUE | (1) ASSESSED VALUE |
| 1999 | \$ 134,613,400.00 | \$ 122,605,285.00 | \$ 269,226,800.00 | \$ 32,742,800.00 |
| 2000 | 146,597,900.00 | 127,706,804.00 | 293,195,800.00 | 36,904,400.00 |
| 2001 | 158,234,200.00 | 135,027,837.00 | 316,468,400.00 | 38,330,700.00 |
| 2002 | 189,367,600.00 | 146,364,245.00 | 378,735,200.00 | 37,796,900.00 |
| 2003 | 199,607,600.00 | 154,904,355.00 | 399,215,200.00 | 41,817,300.00 |
| 2004 | 211,581,400.00 | 160,522,273.00 | 423,162,800.00 | 38,886,900.00 |
| 2005 | 232,378,800.00 | 169,189,533.00 | 464,757,600.00 | 39,179,500.00 |
| 2006 | 244,631,900.00 | 181,049,839.00 | 489,263,800.00 | 40,276,300.00 |
| 2007 | 267,198,700.00 | 194,186,103.00 | 534,397,400.00 | 43,326,800.00 |
| 2008 | 287,934,300.00 | 211,704,871.00 | 575,868,600.00 | 38,229,900.00 |

(1) Assessed Value is based on 50% of estimated true cash value

(2) Taxable Value is legally authorized tax base

| PERSONAL PROPERTY | | TOTAL | | | RATIO OF TOTAL TAXABLE VALUE TO TOTAL ESTIMATED TRUE CASH VALUE |
|-------------------------|---------------------------------|-------------------|-------------------|---------------------------------|---|
| (2) TAXABLE VALUE | ESTIMATED TRUE CASH VALUE | ASSESSED VALUE | TAXABLE VALUE | ESTIMATED TRUE CASH VALUE | |
| \$ 32,742,800.00 | \$ 65,485,600.00 | \$ 167,356,200.00 | \$ 155,348,085.00 | \$ 334,712,400.00 | 46.41% |
| 36,904,400.00 | 73,808,800.00 | 183,502,300.00 | 164,611,204.00 | 367,004,600.00 | 44.85% |
| 38,330,700.00 | 76,661,400.00 | 196,564,900.00 | 173,358,537.00 | 393,129,800.00 | 44.10% |
| 37,796,900.00 | 75,593,800.00 | 227,164,500.00 | 184,161,145.00 | 454,329,000.00 | 40.53% |
| 41,817,300.00 | 83,634,600.00 | 241,424,900.00 | 196,721,655.00 | 482,849,800.00 | 40.74% |
| 38,886,900.00 | 77,773,800.00 | 250,468,300.00 | 199,409,173.00 | 500,936,600.00 | 39.81% |
| 39,179,500.00 | 78,359,000.00 | 271,558,300.00 | 208,369,033.00 | 543,116,600.00 | 38.37% |
| 40,276,300.00 | 80,552,600.00 | 284,908,200.00 | 221,326,139.00 | 569,816,400.00 | 38.84% |
| 43,326,800.00 | 86,653,600.00 | 310,525,500.00 | 237,512,903.00 | 621,051,000.00 | 38.24% |
| 38,229,900.00 | 76,459,800.00 | 326,164,200.00 | 249,934,771.00 | 652,328,400.00 | 38.31% |

CITY OF LAPEER, MICHIGAN
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

| FISCAL YEAR | CITY OF LAPEER | | | COUNTY OF LAPEER | | |
|----------------|----------------------|--------------------------------|--------------------------|----------------------|--------------------|------------------------------|
| | OPERATING MILLAGE | INFRA- STRUCTURE MILLAGE | TOTAL CITY MILLAGE | OPERATING MILLAGE | LIBRARY MILLAGE | SENIOR CITIZEN MILLAGE |
| 1999 | 7.7911 | 1.0000 | 8.7911 | 4.0405 | 0.8732 | 0.1250 |
| 2000 | 7.7911 | 1.0000 | 8.7911 | 4.0977 | 0.8797 | 0.1234 |
| 2001 | 7.7911 | 1.0000 | 8.7911 | 4.0460 | 0.8686 | 0.1218 |
| 2002 | 7.7911 | 1.0000 | 8.7911 | 3.9901 | 0.8566 | 0.1201 |
| 2003 | 7.7911 | 1.0000 | 8.7911 | 3.9454 | 0.8470 | 0.1250 |
| 2004 | 7.7911 | 1.0000 | 8.7911 | 3.8941 | 0.8359 | 0.1233 |
| 2005 | 7.7911 | 1.0000 | 8.7911 | 3.8539 | 0.8272 | 0.2500 |
| 2006 | 8.8000 | 1.0000 | 9.8000 | 3.8165 | 0.8191 | 0.2475 |
| 2007 | 8.8000 | 1.0000 | 9.8000 | 3.7886 | 0.8131 | 0.2456 |
| 2008 | 8.8000 | 1.0000 | 9.8000 | 3.7886 | 0.0000 | 0.2456 |

| COUNTY OF LAPEER | | |
|------------------|-----------------------------|----------------------------|
| E-911 MILLAGE | SUNCREST -MCF MILLAGE | TOTAL COUNTY MILLAGE |
| 0.7277 | 0.8000 | 6.5664 |
| 0.7331 | 0.7900 | 6.6239 |
| 0.7238 | 0.7800 | 6.5402 |
| 0.0000 | 0.7692 | 5.7360 |
| 0.0000 | 0.7605 | 5.6779 |
| 0.0000 | 0.7506 | 5.6039 |
| 0.0000 | 0.7428 | 5.6739 |
| 0.0000 | 0.7355 | 5.6186 |
| 0.0000 | 0.7301 | 5.5774 |
| 0.0000 | 0.7301 | 4.7643 |

| LAPEER COMMUNITY SCHOOL | | |
|-------------------------|-----------------|----------------------------|
| OPERATING MILLAGE | DEBT MILLAGE | TOTAL SCHOOL MILLAGE |
| 18.0000 | 0.6500 | 18.6500 |
| 17.8884 | 0.6000 | 18.4884 |
| 17.8079 | 0.6000 | 18.4079 |
| 17.6280 | 0.3750 | 18.0030 |
| 18.0000 | 0.0000 | 18.0000 |
| 18.0000 | 2.2500 | 20.2500 |
| 18.0000 | 2.2320 | 20.2320 |
| 18.0000 | 2.2174 | 20.2174 |
| 18.0000 | 2.2038 | 20.2038 |
| 18.0000 | 2.2038 | 20.2038 |

CITY OF LAPEER, MICHIGAN
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS - Concluded
LAST TEN FISCAL YEARS

| FISCAL YEAR | LAPEER INTERMEDIATE SCHOOL | | | | FISCAL YEAR |
|----------------|----------------------------|---------------------------------|------------------------------------|----------------------------|----------------|
| | OPERATING MILLAGE | SPECIAL EDUCATION MILLAGE | VOCATIONAL EDUCATION MILLAGE | TOTAL SCHOOL MILLAGE | |
| 1999 | 0.2041 | 0.9072 | 2.0865 | 3.1978 | 1999 |
| 2000 | 0.2017 | 0.8966 | 2.0622 | 3.1605 | 2000 |
| 2001 | 0.1990 | 0.8848 | 2.0351 | 3.1189 | 2001 |
| 2002 | 0.1963 | 0.8730 | 2.0080 | 3.0773 | 2002 |
| 2003 | 0.1943 | 0.8643 | 1.9881 | 3.0467 | 2003 |
| 2004 | 0.1918 | 0.8534 | 1.9632 | 3.0084 | 2004 |
| 2005 | 0.1899 | 0.8452 | 1.9443 | 2.9794 | 2005 |
| 2006 | 0.1880 | 0.8371 | 1.9258 | 2.9509 | 2006 |
| 2007 | 0.1866 | 0.8310 | 1.9119 | 2.9295 | 2007 |
| 2008 | 0.1866 | 0.8310 | 1.9119 | 2.9295 | 2008 |

| STATE OF MICHIGAN | | GLTA | | DISTRICT LIBRARY | | TOTAL |
|-------------------------------|---------------------------|----------------------|--------------------------|----------------------|-----------------------------|---------|
| STATE EDUCATION MILLAGE | TOTAL STATE MILLAGE | OPERATING MILLAGE | TOTAL GLTA MILLAGE | OPERATING MILLAGE | TOTAL LIBRARY MILLAGE | |
| 6.0000 | 6.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 43.2053 |
| 6.0000 | 6.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 43.0639 |
| 6.0000 | 6.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 42.8581 |
| 6.0000 | 6.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 41.6074 |
| 6.0000 | 6.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 41.5157 |
| 5.0000 | 5.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 42.6534 |
| 6.0000 | 6.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 43.6764 |
| 6.0000 | 6.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 44.5869 |
| 6.0000 | 6.0000 | 0.2500 | 0.2500 | 0.0000 | 0.0000 | 44.7607 |
| 6.0000 | 6.0000 | 0.2500 | 0.2500 | 0.9000 | 0.9000 | 44.8476 |

CITY OF LAPEER, MICHIGAN**PRINCIPAL TAXPAYERS**

JUNE 30, 2008

| TAXPAYER | TYPE OF BUSINESS | 2007 TAXABLE VALUATION | PERCENTAGE OF TOTAL TAXABLE VALUE |
|--------------------------------|--|------------------------------|--|
| Lemforder ZF Corporation | Machine automotive and industrial metal products | \$ 12,729,867.00 | 4.54% |
| Urgent Design & Manufacturing | Rapid proto-type fabrication and manufacturing | 6,479,877.00 | 2.31% |
| Meijer, Inc. | Retail store | 4,821,600.00 | 1.72% |
| Wal-Mart Stores East LP | Retail store | 4,812,634.00 | 1.72% |
| Detroit Edison Company | Electric Utility | 4,686,023.00 | 1.67% |
| H & H Tools, Inc. | Manufacture of transmission, hydraulic, and AC parts | 4,389,998.00 | 1.57% |
| Rolling Hills Apartments, Inc. | Apartments | 4,014,704.00 | 1.43% |
| Dott Industries, Inc. | Chrome plating | 3,861,564.00 | 1.38% |
| American Shower and Bath | Bath fixtures | 3,402,035.00 | 1.21% |
| Lapeer Associates LLC | Rental management-commercial | 3,269,248.00 | 1.17% |

CITY OF LAPEER, MICHIGAN
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN FISCAL YEARS

| FISCAL YEAR JUNE 30, | SPECIAL ASSESSMENT BILLINGS | SPECIAL ASSESSMENT COLLECTED |
|----------------------------|-----------------------------------|------------------------------------|
| 1999 | \$ 466,184.22 | \$ 626,281.73 |
| 2000 | 392,797.62 | 479,255.23 |
| 2001 | 397,705.01 | 503,998.12 |
| 2002 | 399,135.81 | 457,709.55 |
| 2003 | 272,564.09 | 369,259.01 |
| 2004 | 311,314.81 | 466,584.21 |
| 2005 | 351,405.62 | 424,215.02 |
| 2006 | 295,508.12 | 330,016.91 |
| 2007 | 304,332.99 | 349,978.62 |
| 2008 | 233,933.56 | 271,534.24 |

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CITY OF LAPEER, MICHIGAN
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2008

| | | | |
|---|----|-------------------|-----------------------------|
| Assessed valuations: | | | |
| Advolorum Assessed Value | | \$ | 326,164,200.00 |
| Industrial Facilities Tax Assessed Value | | | <u>30,348,400.00</u> |
| Total Assessed Value | | | 356,512,600.00 |
| Legal debt margin | | | |
| Debt limitation - 10 percent of total assessed value | | | 35,651,260.00 |
| Debt applicable to limitation: | | | |
| Total bonded debt | \$ | 8,475,952.00 | |
| Less: Special assessment bonds | | 780,000.00 | |
| Revenue bonds | | 1,990,000.00 | |
| Transportation bonds | | | |
| Equipment financing contracts | | 2,370,952.00 | |
| Amount available for repayment of general obligation bonds | | <u>188,882.00</u> | |
| Total debt applicable to limitation | | | <u>3,146,118.00</u> |
| Legal debt margin | | \$ | <u><u>32,505,142.00</u></u> |

CITY OF LAPEER, MICHIGAN
RATIO OF NET GENERAL OBLIGATION BONDED DEBT
TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

| FISCAL YEAR | (1) POPULATION | (2) ASSESSED VALUE | (3) GROSS BONDED DEBT |
|----------------|-------------------|--------------------------|--------------------------------|
| 1999 | 7,982 | \$ 167,356,200.00 | \$ 6,754,389.30 |
| 2000 | 9,072 | 183,502,300.00 | 5,874,506.36 |
| 2001 | 9,100 | 196,564,900.00 | 6,989,165.05 |
| 2002 | 9,130 | 227,164,500.00 | 6,643,988.37 |
| 2003 | 9,395 | 241,424,900.00 | 6,113,108.00 |
| 2004 | 9,395 | 250,468,300.00 | 5,717,328.42 |
| 2005 | 9,395 | 271,558,300.00 | 5,291,105.96 |
| 2006 | 9,370 | 284,908,200.00 | 5,477,371.79 |
| 2007 | 9,330 | 310,525,500.00 | 5,009,655.69 |
| 2008 | 9,142 | 326,164,200.00 | 5,705,952.31 |

(1) Annual government census

(2) From the Assessed and Estimated Actual Value of Property table in this section

(3) Amount does not include special assessment bonds and revenue bonds

(4) Amount available for repayment of general obligation bonds

(5) These amounts are the general obligation bonds that are being repaid by the Water and Sewer Funds

| (4) LESS DEBT SERVICE FUND | (5) DEBT PAYABLE FROM ENTERPRISES REVENUES | NET BONDED DEBT | RATIO OF NET BONDED DEBT TO ASSESSED VALUE | NET BONDED DEBT PER CAPITA |
|----------------------------------|--|-----------------------|--|----------------------------------|
| \$ 140,312.08 | \$ 2,125,769.74 | \$ 4,488,307.48 | 2.68% | \$ 562.30 |
| 122,341.35 | 1,766,633.19 | 3,985,531.82 | 2.17% | 439.32 |
| 95,768.99 | 1,402,674.88 | 5,490,721.18 | 2.79% | 603.38 |
| 154,614.42 | 1,056,130.49 | 5,433,243.46 | 2.39% | 595.10 |
| 118,341.95 | 486,000.00 | 5,508,766.05 | 2.28% | 586.35 |
| 114,612.42 | 453,000.00 | 5,149,716.00 | 2.06% | 548.13 |
| 102,257.91 | 417,000.00 | 4,771,848.05 | 1.76% | 507.91 |
| 145,459.48 | 381,000.00 | 4,950,912.31 | 1.74% | 528.38 |
| 148,209.92 | 342,000.00 | 4,519,445.77 | 1.46% | 484.40 |
| 188,882.03 | 303,000.00 | 5,214,070.28 | 1.60% | 570.34 |

CITY OF LAPEER, MICHIGAN
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT
TO TOTAL GENERAL GOVERNMENT EXPENDITURES
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

| FISCAL YEAR | PRINCIPAL | INTEREST | TOTAL DEBT SERVICE | TOTAL GENERAL GOVERNMENTAL EXPENDITURES | RATIO OF DEBT SERVICE TO GENERAL GOVERNMENTAL EXPENDITURES |
|----------------|-------------|-----------|--------------------------|--|--|
| 1999 | \$ 1,160.00 | \$ 491.00 | \$ 1,651.00 | \$ 11,651.00 | \$ 14.17% |
| 2000 | 1,397.00 | 499.00 | 1,896.00 | 12,015.00 | 15.78% |
| 2001 | 1,325.00 | 431.00 | 1,756.00 | 11,712.00 | 14.99% |
| 2002 | 1,479.00 | 447.00 | 1,926.00 | 12,773.00 | 15.08% |
| 2003 | 2,884.00 | 428.00 | 3,312.00 | 13,247.00 | 25.00% |
| 2004 | 1,153.00 | 329.00 | 1,482.00 | 10,982.00 | 13.49% |
| 2005 | 1,183.00 | 303.00 | 1,486.00 | 10,347.00 | 14.36% |
| 2006 | 1,089.00 | 247.00 | 1,336.00 | 11,692.00 | 11.43% |
| 2007 | 1,269.00 | 246.00 | 1,515.00 | 12,875.00 | 11.77% |
| 2008 | 1,133.00 | 228.00 | 1,361.00 | 11,710.00 | 11.62% |

CITY OF LAPEER, MICHIGAN
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS
JUNE 30, 2008

| JURISDICTION | NET GENERAL OBLIGATION BONDED DEBT OUTSTANDING | PERCENTAGE APPLICABLE TO GOVERNMENT | AMOUNT APPLICABLE TO GOVERNMENT |
|-----------------------------|---|--|--|
| Direct: | | | |
| City of Lapeer | \$ 4,634,847.19 (1) | 100.00% | \$ 4,634,847.19 |
| Overlapping: | | | |
| Lapeer County | 2,647,066.00 | 7.99% | 211,501.00 |
| Lapeer Community Schools | 55,205,000.00 | 16.73% | 9,235,797.00 |
| Lapeer Intermediate Schools | <u>4,095,000.00</u> | 8.94% | <u>366,093.00</u> |
| Total | \$ <u><u>66,581,913.19</u></u> | | \$ <u><u>14,448,238.19</u></u> |

(1) Excluding general obligation bonds reported in the enterprise funds and the amount available for repayment in the debt service fund

CITY OF LAPEER, MICHIGAN
REVENUE BOND COVERAGE
SEWER REVENUE BONDS
LAST TEN FISCAL YEARS

| FISCAL YEAR | (1) GROSS REVENUES | (2) OPERATING EXPENSES | NET REVENUE AVAILABLE FOR DEBT SERVICE |
|----------------|--------------------------|------------------------------|--|
| 1999 | \$ 1,318,147.96 | \$ 1,087,808.09 | \$ 230,339.87 |
| 2000 | 969,490.39 | 1,084,889.90 | (115,399.51) |
| 2001 | 943,621.02 | 1,240,386.40 | (296,765.38) |
| 2002 | 970,868.28 | 1,209,574.36 | (238,706.08) |
| 2003 | 1,467,020.34 | 1,404,292.21 | 62,728.13 |
| 2004 | 2,053,519.35 | 1,361,630.65 | 691,888.70 |
| 2005 | 2,078,853.37 | 1,860,872.21 | 217,981.16 |
| 2006 | 2,074,013.06 | 1,798,824.92 | 275,188.14 |
| 2007 | 2,049,083.31 | 2,046,055.51 | 3,027.80 |
| 2008 | 2,133,150.61 | 2,232,221.87 | (99,071.26) |

- (1) Total revenues (including investment earnings) exclusive of tap fees, grants, and transfers in and adjusted for transfer to debt service fund for General Obligation Bond.
- (2) Total operating expenses exclusive of depreciation
- (3) Includes principal and interest of sewer revenue bonds only. It does not include the general obligation bonds paid by the Sewer Fund.

DEBT SERVICE REQUIREMENTS (3)

| PRINCIPAL | | INTEREST | | TOTAL | COVERAGE |
|-----------|-----------|----------|-----------|--------------|----------|
| \$ | 15,000.00 | \$ | 26,022.50 | \$ 41,022.50 | 5.62 |
| | 15,000.00 | | 25,212.50 | 40,212.50 | (2.87) |
| | 20,000.00 | | 24,382.50 | 44,382.50 | (6.69) |
| | 20,000.00 | | 23,320.00 | 43,320.00 | (5.51) |
| | 20,000.00 | | 22,232.50 | 42,232.50 | 1.49 |
| | 25,000.00 | | 21,120.00 | 46,120.00 | 15.00 |
| | 25,000.00 | | 19,755.00 | 44,755.00 | 4.87 |
| | 30,000.00 | | 13,360.00 | 43,360.00 | 6.35 |
| | 30,000.00 | | 11,950.00 | 41,950.00 | 0.07 |
| | 35,000.00 | | 10,525.00 | 45,525.00 | (2.18) |

CITY OF LAPEER, MICHIGAN
REVENUE BOND COVERAGE
WATER REVENUE BONDS
LAST TEN FISCAL YEARS

| FISCAL YEAR | (1) GROSS REVENUES | (2) OPERATING EXPENSES | NET REVENUE AVAILABLE FOR DEBT SERVICE |
|----------------|--------------------------|------------------------------|--|
| 1999 | \$ 1,634,042.71 | \$ 1,390,852.26 | \$ 243,190.45 |
| 2000 | 1,290,460.69 | 1,292,351.30 | (1,890.61) |
| 2001 | 1,325,958.93 | 1,448,129.61 | (122,170.68) |
| 2002 | 1,703,287.58 | 1,523,473.05 | 179,814.53 |
| 2003 | 1,974,630.50 | 1,750,111.01 | 224,519.49 |
| 2004 | 2,137,428.61 | 1,761,119.89 | 376,308.72 |
| 2005 | 2,110,129.47 | 1,842,497.67 | 267,631.80 |
| 2006 | 2,092,683.82 | 1,729,305.38 | 363,378.44 |
| 2007 | 2,054,525.89 | 1,841,905.58 | 212,620.31 |
| 2008 | 2,093,606.35 | 1,643,298.94 | 450,307.41 |

- (1) Total revenues (including investment earnings) exclusive of tap fees, grants, and transfers in and adjusted for transfer to debt service fund for General Obligation Bond.
- (2) Total operating expenses exclusive of depreciation
- (3) Includes principal and interest of water revenue bonds only. It does not include the general obligation bonds paid by the Water Fund.

DEBT SERVICE REQUIREMENTS (3)

| PRICIPAL | | INTEREST | | TOTAL | COVERAGE |
|----------|-----------|----------|-----------|--------------|----------|
| \$ | 20,000.00 | \$ | 15,750.00 | \$ 35,750.00 | 6.80 |
| | 25,000.00 | | 14,700.00 | 39,700.00 | (0.05) |
| | 25,000.00 | | 8,410.00 | 33,410.00 | (3.66) |
| | 25,000.00 | | 7,310.00 | 32,310.00 | 5.57 |
| | 30,000.00 | | 6,185.00 | 36,185.00 | 6.20 |
| | 30,000.00 | | 4,805.00 | 34,805.00 | 10.81 |
| | 35,000.00 | | 3,395.00 | 38,395.00 | 6.97 |
| | 35,000.00 | | 1,715.00 | 36,715.00 | 9.90 |
| | | | | | N/A |
| | | | | | N/A |

CITY OF LAPEER, MICHIGAN
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

| FISCAL YEAR | (1) POPULATION | PER CAPITA INCOME | MEDIAN AGE | EDUCATION LEVEL IN YEARS OF FORMAL SCHOOLING | SCHOOL ENROLLMENT | (2) UNEMPLOYMENT RATE |
|----------------|-------------------|----------------------|---------------|--|----------------------|-----------------------------|
| 1999 | 7982 | \$ 16,608 | 33.2 | 12.4 | 2,191 | 4.4% |
| 2000 | 9072 | N/A | N/A | N/A | N/A | 4.7% |
| 2001 | 9130 | N/A | N/A | N/A | N/A | 6.8% |
| 2002 | 9395 | N/A | N/A | N/A | N/A | 9.3% |
| 2003 | 9395 | N/A | N/A | N/A | N/A | 9.7% |
| 2004 | 9395 | N/A | N/A | N/A | N/A | 8.5% |
| 2005 | 9395 | N/A | N/A | N/A | N/A | 8.5% |
| 2006 | 9370 | N/A | N/A | N/A | N/A | 6.6% |
| 2007 | 9330 | N/A | N/A | N/A | N/A | 8.3% |
| 2008 | 9142 | N/A | N/A | N/A | N/A | 10.2% |

(1) Bureau of the Census

(2) Michigan Department of Career Development Employment Service Agency

CITY OF LAPEER, MICHIGAN

MISCELLANEOUS STATISTICS

JUNE 30, 2008

| | |
|--|----------------------|
| Date of Incorporation | 1869 |
| Form of Government | Council/Manager |
| Number of employees (excluding police and fire): | |
| Classified | 48 |
| Exempt | 193 |
| Area in square miles | 7.5 |
| City of Lapeer facilities and services: | |
| Miles of streets | 50.3 |
| Number of street lights | 1118 |
| Culture and Recreation: | |
| Community centers | 1 |
| Parks | 15 |
| Park acreage | 193 |
| Swimming pools | 1 |
| Tennis courts | 6 |
| Fire Protection: | |
| Number of stations | 1 |
| Number of fire personnel and officers | 43 |
| Number of calls answered | 280 |
| Number of inspections conducted | 512 |
| Police Protection: | |
| Number of stations | 1 |
| Number of police personnel and officers | 26 |
| Number of patrol units | 8 |
| Number of law violations: | |
| Physical arrests | 750 |
| Traffic Violations | 2,411 |
| Parking Violations | 4,654 |
| Sewerage System: | |
| Miles of sanitary sewers | 50.5 |
| Miles of storm sewers | 26 |
| Number of treatment plants | 1 |
| Number of service connections | 3,384 |
| Daily average treatment in gallons | 1,790,000 |
| Maximum daily capacity of treatment plant in gallons | 2,800,000 |
| Water System: | |
| Miles of water mains | 62.4 |
| Number of service connections | 3,378 |
| Number of fire hydrants | 671 |
| Daily average consumption in gallons | 1,441,461 |
| Maximum daily capacity of plant in gallons | Detroit Water System |

CITY OF LAPEER, MICHIGAN
MISCELLANEOUS STATISTICS - Concluded
JUNE 30, 2008

Facilities and services not included in the primary government:

 Cable Television System:

| | |
|--|----|
| Miles of service | 70 |
| Number of satellite receiving stations | 0 |

 Education:

| | |
|---|-----|
| Number of elementary schools | 2 |
| Number of elementary school instructors | 32 |
| Number of secondary schools | 2 |
| Number of secondary school instructions | 151 |

Facilities and services not included in the reporting entity:

 Hospitals:

| | |
|------------------------|-----|
| Number of hospitals | 1 |
| Number of patient beds | 222 |

CONTINUING DISCLOSURE COMPLIANCE

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TIFA BONDS

1

TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER**SEV AND CAPTURED AD VALOREM TAXABLE VALUE OF THE TIFA DISTRICT #1'S AD VALOREM TAX ROLL****FISCAL YEARS ENDING AS OF JUNE 30**

| ASSESSED VALUE AS OF DECEMBER 31 | YEAR OF STATE EQUILIZATION AND TAX LEVY | CITY'S FISCAL YEAR ENDING JUNE 30 | AD VALOREM TAXABLE VALUE | | CAPTURED AD VALOREM TAXABLE VALUE | |
|--|---|---|-----------------------------|-------------------|---|-------------------|
| | | | AMOUNT | PERCENT CHANGE | AMOUNT | PERCENT CHANGE |
| 2006 | 2007 | 2008 | \$ 23,279,185.00 | -10.86% | \$ 19,582,485.00 | -12.65% |
| 2005 | 2006 | 2007 | \$ 26,116,387.00 | 2.39% | \$ 22,419,687.00 | 2.80% |
| 2004 | 2005 | 2006 | 25,506,070.00 | 2.67% | 21,809,370.00 | 3.14% |
| 2003 | 2004 | 2005 | 24,842,501.00 | 5.99% | 21,145,801.00 | 7.11% |
| 2002 | 2003 | 2004 | 23,439,040.00 | -1.44% | 19,742,340.00 | -1.71% |
| 2001 | 2002 | 2003 | 23,781,736.00 | 9.61% | 20,085,036.00 | 11.59% |
| 2000 | 2001 | 2002 | 21,696,450.00 | 3.94% | 17,999,750.00 | 4.79% |
| 1999 | 2000 | 2001 | 20,874,336.00 | 19.21% | 17,177,636.00 | 24.36% |
| 1998 | 1999 | 2000 | 17,509,826.00 | 6.28% | 13,813,126.00 | 8.10% |
| 1997 | 1998 | 1999 | 16,475,379.00 | 14.22% | 12,778,679.00 | 19.11% |

TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER
CAPTURED TAXABLE VALUE OF THE TIFA DISTRICT #1'S AD VALOREM TAX ROLL
BY USE AND CLASS
FISCAL YEARS ENDING AS OF JUNE 30

| Use | 2008 | 2007 | 2006 | 2005 | 2004 |
|-------------------|---------------|---------------|---------------|---------------|---------------|
| Homestead (1) | | | | | |
| Residential | \$ 272,564.00 | \$ 262,333.00 | \$ 212,341.00 | \$ 202,305.00 | \$ 200,820.00 |
| Non-Homestead | | | | | |
| Residential | 241,763.00 | 234,065.00 | 244,942.00 | 246,520.00 | 160,618.00 |
| Commercial | 2,724,480.00 | 2,641,282.00 | 2,557,359.00 | 2,741,567.00 | 2,587,673.00 |
| Industrial | 16,343,678.00 | 19,282,007.00 | 18,794,728.00 | 17,955,409.00 | 16,793,229.00 |
| Class | | | | | |
| Real Property | 11,382,685.00 | 10,742,387.00 | 9,943,470.00 | 9,742,801.00 | 9,220,540.00 |
| Personal Property | 8,199,800.00 | 11,677,300.00 | 11,865,900.00 | 11,403,000.00 | 10,521,800.00 |

- (1) Homestead means a dwelling or unit in a multiple-unit dwelling subject to ad valorem property taxes that is owned and occupied as a principal residence by the owner of the dwelling or unit. Homestead includes all unoccupied property classified as agricultural adjacent and contiguous to the home of the owner that is not leased or rented by the owner to another person if the gross receipts of the agricultural or horticultural operations, if any, exceed the household income of the owner. If the gross receipts of the agricultural or horticultural operations do not exceed the household income of the owner, the homestead includes only 5 acres adjacent and contiguous to the home of the owner. Homestead includes a life care facility registered under the living care disclosure act, Act No. 440 of the Public Acts of 1976, being sections 554.801 to 554.844 of the Michigan Compiled Laws. Homestead also includes property owned by a cooperative housing corporation and occupied as a principal residence by tenant stockholders. Non-homestead is property not included in the above definition.

TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER
CAPTURED TAXABLE VALUE OF THE TIFA DISTRICT #1'S AD VALOREM TAX ROLL
BY USE AND CLASS AS A PERCENT OF TOTAL
FISCAL YEARS ENDING AS OF JUNE 30

| Use | 2008 | 2007 | 2006 | 2005 | 2004 |
|-------------------|--------|--------|--------|--------|--------|
| Homestead (1) | | | | | |
| Residential | 1.39% | 1.17% | 0.97% | 0.96% | 1.02% |
| Non-Homestead | | | | | |
| Residential | 1.23% | 1.04% | 1.12% | 1.17% | 0.81% |
| Commercial | 13.91% | 11.78% | 11.73% | 12.97% | 13.11% |
| Industrial | 83.46% | 86.00% | 86.18% | 84.91% | 85.06% |
| Class | | | | | |
| Real Property | 58.13% | 47.91% | 45.59% | 46.07% | 46.70% |
| Personal Property | 41.87% | 52.09% | 54.41% | 53.93% | 53.30% |

- (1) Homestead means a dwelling or unit in a multiple-unit dwelling subject to ad valorem property taxes that is owned and occupied as a principal residence by the owner of the dwelling or unit. Homestead includes all unoccupied property classified as agricultural adjacent and contiguous to the home of the owner that is not leased or rented by the owner to another person if the gross receipts of the agricultural or horticultural operations, if any, exceed the household income of the owner. If the gross receipts of the agricultural or horticultural operations do not exceed the household income of the owner, the homestead includes only 5 acres adjacent and contiguous to the home of the owner. Homestead includes a life care facility registered under the living care disclosure act, Act No. 440 of the Public Acts of 1976, being sections 554.801 to 554.844 of the Michigan Compiled Laws. Homestead also includes property owned by a cooperative housing corporation and occupied as a principal residence by tenant stockholders. Non-homestead is property not included in the above definition.

TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER**TIFA DISTRICT #1****EXPIRATION OF NEW INDUSTRIAL FACILITY TAX ABATEMENTS****FOR THE PERIOD ENDING JUNE 30, 2008**

| Expiration December 31 | CAPTURED TAXABLE VALUE OF INDUSTRIAL FACILITY TAX ABATEMENTS (NEW PROPERTIES) |
|---------------------------|--|
| 2008 | \$ 144,000.00 |
| 2009 | 1,232,900.00 |
| 2010 | 1,532,700.00 |
| 2011 | |
| 2012 | |
| 2013 | 693,200.00 |
| 2014 | |
| 2015 | |
| 2016 | 325,000.00 |
| 2017 | |
| 2018 | |
| 2019 | <u>499,100.00</u> |
| Total | \$ <u><u>4,426,900.00</u></u> |

TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER
CAPTURED TAXABLE VALUE OF THE TIFA DISTRICT #1'S IFT TAX ROLL BY CLASS
FISCAL YEARS ENDING JUNE 30

| Class | 2008 | 2007 | 2006 | 2005 | 2004 |
|-------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Real Property | \$ 2,522,000.00 | \$ 2,428,500.00 | \$ 2,474,000.00 | \$ 2,474,000.00 | \$ 2,542,500.00 |
| Personal Property | <u>1,904,900.00</u> | <u>1,902,400.00</u> | <u>2,087,200.00</u> | <u>4,072,800.00</u> | <u>5,340,900.00</u> |
| Total | <u>\$ 4,426,900.00</u> | <u>\$ 4,330,900.00</u> | <u>\$ 4,561,200.00</u> | <u>\$ 6,546,800.00</u> | <u>\$ 7,883,400.00</u> |

TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER**CAPTURED TAXABLE VALUE OF THE TIFA DISTRICT #1'S IFT TAX ROLL BY CLASS AS A PERCENT TOTAL****FISCAL YEARS ENDING JUNE 30**

| Class | 2008 | 2007 | 2006 | 2005 | 2004 |
|-------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Real Property | 56.97% | 56.07% | 54.24% | 37.79% | 32.25% |
| Personal Property | <u>43.03%</u> | <u>43.93%</u> | <u>45.76%</u> | <u>62.21%</u> | <u>67.75%</u> |
| Total | <u><u>100.00%</u></u> | <u><u>100.00%</u></u> | <u><u>100.00%</u></u> | <u><u>100.00%</u></u> | <u><u>100.00%</u></u> |

TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER**PROPERTY TAX COLLECTIONS IN THE TIFA DISTRICT #1****FISCAL YEAR ENDING JUNE 30**

| FISCAL YEAR ENDING JUNE 30, | NET CAPTURED TAX LEVY | COLLECTIONS TO MARCH 1 FOLLOWING LEVY | PERCENT COLLECTED | COLLECTIONS TO JUNE 30 FOLLOWING LEVY | PERCENT COLLECTED |
|--------------------------------------|-----------------------------|--|----------------------|--|----------------------|
| 2008 | \$ 886,023.00 | \$ 877,065.00 | 98.99% | \$ 885,182.00 | 99.91% |
| 2007 | 1,005,266.00 | 950,966.00 | 94.60% | 1,004,598.00 | 99.93% |
| 2006 | 988,155.00 | 949,868.00 | 96.13% | 987,660.00 | 99.95% |
| 2005 | 984,616.00 | 939,569.00 | 95.42% | 984,153.00 | 99.95% |
| 2004 | 935,030.00 | 875,732.00 | 93.66% | 934,740.00 | 99.97% |
| 2003 | 960,383.00 | 927,057.00 | 96.53% | 958,487.00 | 99.80% |
| 2002 | 907,071.00 | 891,578.00 | 98.29% | 907,071.00 | 100.00% |
| 2001 | 887,821.00 | 870,554.00 | 98.06% | 873,327.00 | 98.37% |
| 2000 | 798,919.00 | 782,294.00 | 97.92% | 798,911.00 | 100.00% |
| 1999 | 752,953.00 | 737,301.00 | 97.92% | 752,953.00 | 100.00% |

TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER**CAPTURED PROPERTY TAX RATES IN THE TIFA DISTRICT #1****FISCAL YEARS ENDING JUNE 30**

| JULY 1 LEVY | FISCAL YEARS ENDING JUNE 30 | CITY MILLAGE | LAPEER PUBLIC SCHOOLS MILLAGE | LAPEER INTERMEDIATE SCHOOLS MILLAGE | LAPEER COUNTY MILLAGE | STATE MILLAGE |
|----------------|--------------------------------------|-----------------|--|--|-----------------------------|------------------|
| 2007 | 2008 | 9.8000 | 18.0000 | 2.9295 | 3.7886 | 6.0000 |
| 2006 | 2007 | 9.8000 | 18.0000 | 2.9295 | 3.7886 | 6.0000 |
| 2005 | 2006 | 9.8000 | 18.0000 | 2.9509 | 3.8165 | 6.0000 |
| 2004 | 2005 | 8.7911 | 18.0000 | 2.9794 | 3.8539 | 6.0000 |
| 2003 | 2004 | 8.7911 | 18.0000 | 3.0084 | 3.8941 | 5.0000 |
| 2002 | 2003 | 8.7911 | 18.0000 | 3.0467 | 3.9454 | 6.0000 |
| 2001 | 2002 | 8.7911 | 17.6280 | 3.0773 | 3.9901 | 6.0000 |
| 2000 | 2001 | 8.7911 | 17.8079 | 3.1189 | 4.0460 | 6.0000 |
| 1999 | 2000 | 8.7911 | 17.8884 | 3.1605 | 4.0977 | 6.0000 |
| 1998 | 1999 | 8.7911 | 18.0000 | 3.1978 | 4.0405 | 6.0000 |

TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER
SEV OF THE LARGEST TAXPAYERS ON TIFA DISTRICT #1'S AD VALOREM TAX ROLL
FISCAL YEAR ENDING JUNE 30, 2008

| TAXPAYER | PRODUCT OR SERVICE | TAXABLE VALUE | PERCENT OF TAXABLE VALUE |
|-------------------------------|-------------------------------|------------------|--------------------------------|
| Dott Industries | Chromeplating/Molding | \$ 2,845,864.00 | 12.22% |
| Lapeer Metal Products | Metal Stampings | 2,266,452.00 | 9.74% |
| Albar Industries, Inc. | Plastic Decorating & Auto | 2,155,416.00 | 9.26% |
| Hunters Creek MCH, LLC | Mobile Home Park | 2,072,589.00 | 8.90% |
| American Shower and Bath | Bath Fixtures | 1,869,335.00 | 8.03% |
| Metokote Corporation | Plastic Auto Parts | 1,653,130.00 | 7.10% |
| Lapeer Industries | Metal Machining & Fabricating | 1,084,100.00 | 4.66% |
| Brentwood Advisory Group, LLC | Metal Machining & Fabricating | 910,000.00 | 3.91% |
| ITW Foamseal | Foam Products | 487,656.00 | 2.09% |
| Ovens, LLC | Plastic Auto Parts | 46,656.00 | 0.20% |

TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER
SEV OF THE LARGEST TAXPAYERS ON TIFA DISTRICT #1'S IFT TAX ROLL
FISCAL YEAR ENDING JUNE 30, 2008

| TAXPAYER | PRODUCT OR SERVICE | TAXABLE VALUE | PERCENT OF TAXABLE VALUE |
|------------------------------|---|------------------|--------------------------------|
| American Shower and Bath | Bath Fixtures | \$ 1,532,700.00 | 34.62% |
| Dott Industries, Inc. | Chromeplating/Molding | 1,015,700.00 | 22.94% |
| Lapeer Industries, Inc. | Metal Machining & Fabricating | 757,600.00 | 17.11% |
| Testing Services Group, LLC | Manufacture & Testing Fuel Sys. | 613,000.00 | 13.85% |
| Lesley Elizabeth | Gourmet Food Production/Processing | 184,200.00 | 4.16% |
| Albar Industries, Inc. | Plastic Decorating & Auto | 120,700.00 | 2.73% |
| Quest Industries, Inc. | Rubber and injection mold making and precision machining for auto, defense and plumbing | 113,700.00 | 2.57% |
| S.J. Chain & Wire Rope, Inc. | Chain, wire rope & fittings, hoists, chain, special lifting fixture fabrication | 70,000.00 | 1.58% |
| Gallop Brush | Manufacture of soft cloth and foam tech for auto wash industry | 19,300.00 | 0.44% |

TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER**FIFTEEN LARGEST EMPLOYERS IN TIFA DISTRICT #1**

FISCAL YEAR ENDING JUNE 30, 2008

| COMPANY | PRODUCT OR SERVICE | APPROXIMATE NUMBER OF EMPLOYEES |
|----------------------------|--|---------------------------------------|
| Lapeer Industries, Inc. | Machining and Fabrication of Metal | 360 |
| Lapeer Metal Stamping | Metal Stamping and assemblies | 311 |
| Dott Industries/Deco Plate | Automotive Industry | 248 |
| American Shower and Bath | Vacuum Forming Bath Products | 160 |
| Growth and Opportunity | Assembly of parts | 140 |
| Albar Industries, Inc. | Automotive Decorating | 106 |
| Metokote Corp. | Electrostatic painting of small metal car parts | 49 |
| P & P Manufacturing | Pneumatic Parts & Air Tools | 31 |
| Testing Services Group | Testing & Engineering of Fuel Systems | 25 |
| Quest Industries | Specialty Machining | 21 |
| The Pentier Group | Control and Mechanical Design | 17 |
| Motion Machine | Manufacturing of Industrial Machining and Automated Equipment | 15 |
| Leslie Elizabeth | Gourmet Food Production/Processing | 12 |
| ITW TACC, Inc. | Foam Products | 10 |
| Blue Water Printing | Printing | 6 |

TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER
ELIGIBLE OBLIGATIONS, ELIGIBLE ADVANCES AND OTHER OBLIGATIONS
SUPPORTED BY TAX INCREMENT REVENUES OF TIFA DISTRICT #1
FISCAL YEAR ENDING JUNE 30, 2008

| Description | (1) ELIGIBLE OBLIGATIONS | (1) ELIGIBLE ADVANCES | (2) OTHER OBLIGATIONS |
|---|--------------------------------|-----------------------------|-----------------------------|
| 1998 TIFA Revenue Refunding Bond-Debt Service (3) | \$ 589,850.00 | \$ | \$ |
| Spray Park | | | 54,071.24 |
| Community Center Operations | | | 168,258.00 |
| Community Center Equipment | | | 36,240.00 |
| McCormick Street Extension Project-Debt Service | | | 25,718.30 |

(1) These obligations are eligible for the capture of Local School, Intermediate School, and State Education millages in an amount not to exceed the total of the eligible obligations. If Local School, Intermediate School, and State Education millages are insufficient, the TIFA district would then utilize the captured millages from the City and County millages. Once these obligations have been fully paid, the TIFA district will no longer capture Local School, Intermediate School, or State Education millages.

(2) These obligations are only funded from the capture of City and County millages.

TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER

TIFA 1

LISTING OF IFT CERTIFICATES

FISCAL YEAR ENDING JUNE 30, 2008

| CERTIFI- CATE | TAXPAYER | REAL | PERSONAL | TOTAL | EXPIRES |
|------------------|----------------------------|-----------------|-----------------|-----------------|---------|
| 1995-075 | Lapeer Industries | \$ 34,000.00 | \$ 110,000.00 | \$ 144,000.00 | 2007 |
| 1995-221 | Dott Industries, Inc. | 420,000.00 | 595,700.00 | 1,015,700.00 | 2008 |
| 1996-010 | SJ Chain & Wire Rope, Inc. | 70,000.00 | | 70,000.00 | 2008 |
| 1996-754 | American Shower & Bath | 970,000.00 | 562,700.00 | 1,532,700.00 | 2009 |
| 1999-126 | Testing Services | 288,000.00 | | 288,000.00 | 2012 |
| 2002-091 | Lesley Elizabeth | | 11,200.00 | 11,200.00 | 2008 |
| 2002-092 | Lapeer Industries | | 136,000.00 | 136,000.00 | 2008 |
| 2003-103 | Testing Services | 325,000.00 | | 325,000.00 | 2015 |
| 2004-064 | Quest Industries | | 53,600.00 | 53,600.00 | 2012 |
| 2004-116 | Lapeer Industries | | 151,500.00 | 151,500.00 | 2012 |
| 2004-117 | Gallop Brush | | 19,300.00 | 19,300.00 | 2012 |
| 2004-401 | Albar Industries, Inc. | | 120,700.00 | 120,700.00 | 2012 |
| 2006-068 | Creative Eng Polymer | 120,000.00 | | 120,000.00 | 2018 |
| 2006-069 | Lapeer Industries | 130,000.00 | 76,100.00 | 206,100.00 | 2018 |
| 2006-070 | Quest Industries | | 60,100.00 | 60,100.00 | 2012 |
| 2006-127 | Lesley Elizabeth | 165,000.00 | 8,000.00 | 173,000.00 | 2018 |
| | TOTAL | \$ 2,522,000.00 | \$ 1,904,900.00 | \$ 4,426,900.00 | |

PRIMARY GOVERNMENT BONDS

CITY OF LAPEER, MICHIGAN
STATE EQUALIZED AND TAXABLE VALUATIONS
AS OF JUNE 30, 2008

| ASSESSED VALUE AS OF DECEMBER 31 | YEAR OF STATE EQUALIZATION AND TAX LEVY | CITY'S FISCAL YEAR ENDING JUNE 30 | STATE EQUILIZED VALUATION | AD VALOREM TAXABLE VALUATION | TAXABLE VALUE |
|---|--|--|---------------------------------|------------------------------------|-------------------|
| 2006 | 2007 | 2008 | \$ 326,164,200.00 | \$ 249,934,771.00 | \$ 280,283,171.00 |
| 2005 | 2006 | 2007 | 310,525,500.00 | 237,512,903.00 | 265,237,303.00 |
| 2004 | 2005 | 2006 | 284,908,200.00 | 221,326,139.00 | 251,447,839.00 |
| 2003 | 2004 | 2005 | 271,558,300.00 | 208,369,033.00 | 231,240,833.00 |
| 2002 | 2003 | 2004 | 250,468,300.00 | 199,409,173.00 | 227,069,973.00 |

CITY OF LAPEER, MICHIGAN
COMPONENTS OF SEV/TAXABLE VALUE
AS OF JUNE 30, 2008

| | 2007 | 2006 | 2005 | 2004 | 2003 |
|---------------------|----------------|----------------|----------------|----------------|----------------|
| Real Property | | | | | |
| Agricultural | \$ | \$ | \$ | \$ | \$ |
| Commercial | 87,009,497.00 | 78,938,737.00 | 74,764,096.00 | 69,964,110.00 | 66,702,873.00 |
| Industrial | 18,911,576.00 | 16,686,367.00 | 16,326,064.00 | 16,085,885.00 | 15,696,207.00 |
| Residential | 105,502,698.00 | 98,560,999.00 | 89,959,679.00 | 83,139,538.00 | 78,123,193.00 |
| Real Dev. | 281,100.00 | | | | |
| Total Real Prop. | 211,704,871.00 | 194,186,103.00 | 181,049,839.00 | 169,189,533.00 | 160,522,273.00 |
| Personal Prop. | 38,229,900.00 | 43,326,800.00 | 40,276,300.00 | 39,179,500.00 | 38,886,900.00 |
| Total Taxable Value | 249,934,771.00 | 237,512,903.00 | 221,326,139.00 | 208,369,033.00 | 199,409,173.00 |
| Real Property | 84.70% | 81.76% | 81.80% | 81.20% | 80.50% |
| Personal Prop. | 15.30% | 18.24% | 18.20% | 18.80% | 19.50% |

CITY OF LAPEER, MICHIGAN
CITY WIDE MILLAGES
(PER \$1,000 OF TAXABLE VALUE)
AS OF JUNE 30, 2008

| TAXING UNIT | 2007 | | 2006 | |
|--|-------------------------|---------------------------------|-------------------------|---------------------------------|
| | HOMESTEAD PROPERTIES | NON- HOMESTEAD PROPERTIES | HOMESTEAD PROPERTIES | NON- HOMESTEAD PROPERTIES |
| CITY OF LAPEER | | | | |
| Operating | \$ 8.8000 | \$ 8.8000 | \$ 8.8000 | \$ 8.8000 |
| Infrastructure | <u>1.0000</u> | <u>1.0000</u> | <u>1.0000</u> | <u>1.0000</u> |
| TOTAL CITY | <u>9.8000</u> | <u>9.8000</u> | <u>9.8000</u> | <u>9.8000</u> |
| COUNTY OF LAPEER | | | | |
| Lapeer County Operations (A) | 3.7886 | 3.7886 | 3.7886 | 3.7886 |
| Library (V) | | | 0.8131 | 0.8131 |
| Senior Citizens (V) | 0.2456 | 0.2456 | 0.2456 | 0.2456 |
| E-911 (V) | | | | |
| Suncrest-MCF (V) | <u>0.7301</u> | <u>0.7301</u> | <u>0.7301</u> | <u>0.7301</u> |
| TOTAL COUNTY | <u>4.7643</u> | <u>4.7643</u> | <u>5.5774</u> | <u>5.5774</u> |
| LAPEER INTERMEDIATE SCHOOL DISTRICT | | | | |
| Intermed. District Operation (A) | 0.1866 | 0.1866 | 0.1866 | 0.1866 |
| Special Education (V) | 0.8310 | 0.8310 | 0.8310 | 0.8310 |
| Vocational Education (V) | <u>1.9119</u> | <u>1.9119</u> | <u>1.9119</u> | <u>1.9119</u> |
| TOTAL INTERMEDIATE SCHOOL DISTRICT | <u>2.9295</u> | <u>2.9295</u> | <u>2.9295</u> | <u>2.9295</u> |
| LAPEER SCHOOL DISTRICT | | | | |
| School Operating | | 18.0000 | | 18.0000 |
| School Debt | <u>2.2038</u> | <u>2.2038</u> | <u>2.2038</u> | <u>2.2038</u> |
| TOTAL SCHOOL DISTRICT | <u>2.2038</u> | <u>20.2038</u> | <u>2.2038</u> | <u>20.2038</u> |
| STATE EDUCATION | <u>6.0000</u> | <u>6.0000</u> | <u>6.0000</u> | <u>6.0000</u> |
| DISTRICT LIBRARY | <u>0.9000</u> | <u>0.9000</u> | | |
| GREATER LAPEER TRANS. AUTH. | <u>0.2500</u> | <u>0.2500</u> | <u>0.2500</u> | <u>0.2500</u> |
| TOTAL | \$ <u>26.8476</u> | \$ <u>44.8476</u> | \$ <u>26.7607</u> | \$ <u>44.7607</u> |

Note: Homestead means a dwelling or unit in a multiple-unit dwelling subject to ad valorem property taxes that is owned and occupied as a principal residence by the owner of the dwelling or unit. Homestead includes all unoccupied property classified as agricultural adjacent and contiguous to the home of the owner that is not leased or rented by the owner to another person if the gross receipts of the agricultural or horticultural operations, if any, exceed the household income of the owner. If the gross receipts of the agricultural or horticultural operations do not exceed the household income of the owner, the homestead includes only 5 acres adjacent and contiguous to the home of the owner. Homestead includes a life care facility registered under the living care disclosure act, Act 440, Public Acts of Michigan 1976, being sections 554.801 to 554.844 of the Michigan Compiled Laws. Homestead also includes property owned by a cooperative housing corporation and occupied as a principal residence by tenant stockholders. Non-homestead is property not included in the above definition.

| 2005 | | 2004 | | 2003 | |
|-------------------------|---------------------------------|-------------------------|---------------------------------|-------------------------|---------------------------------|
| HOMESTEAD PROPERTIES | NON- HOMESTEAD PROPERTIES | HOMESTEAD PROPERTIES | NON- HOMESTEAD PROPERTIES | HOMESTEAD PROPERTIES | NON- HOMESTEAD PROPERTIES |
| \$ 8.8000 | \$ 8.8000 | \$ 7.7911 | \$ 7.7911 | \$ 7.7911 | \$ 7.7911 |
| <u>1.0000</u> | <u>1.0000</u> | <u>1.0000</u> | <u>1.0000</u> | <u>1.0000</u> | <u>1.0000</u> |
| <u>9.8000</u> | <u>9.8000</u> | <u>8.7911</u> | <u>8.7911</u> | <u>8.7911</u> | <u>8.7911</u> |
| 3.8165 | 3.8165 | 3.8539 | 3.8539 | 3.8941 | 3.8941 |
| 0.8191 | 0.8191 | 0.8272 | 0.8272 | 0.8359 | 0.8359 |
| 0.2475 | 0.2475 | 0.2500 | 0.2500 | 0.1233 | 0.1233 |
| <u>0.7355</u> | <u>0.7355</u> | <u>0.7428</u> | <u>0.7428</u> | <u>0.7506</u> | <u>0.7506</u> |
| <u>5.6186</u> | <u>5.6186</u> | <u>5.6739</u> | <u>5.6739</u> | <u>5.6039</u> | <u>5.6039</u> |
| 0.1880 | 0.1880 | 0.1899 | 0.1899 | 0.1918 | 0.1918 |
| 0.8371 | 0.8371 | 0.8452 | 0.8452 | 0.8534 | 0.8534 |
| <u>1.9258</u> | <u>1.9258</u> | <u>1.9443</u> | <u>1.9443</u> | <u>1.9632</u> | <u>1.9632</u> |
| <u>2.9509</u> | <u>2.9509</u> | <u>2.9794</u> | <u>2.9794</u> | <u>3.0084</u> | <u>3.0084</u> |
| 2.2174 | 18.0000 | 2.2320 | 18.0000 | 2.2500 | 18.0000 |
| <u>2.2174</u> | <u>2.2174</u> | <u>2.2320</u> | <u>2.2320</u> | <u>2.2500</u> | <u>2.2500</u> |
| <u>2.2174</u> | <u>20.2174</u> | <u>2.2320</u> | <u>20.2320</u> | <u>2.2500</u> | <u>20.2500</u> |
| <u>6.0000</u> | <u>6.0000</u> | <u>6.0000</u> | <u>6.0000</u> | <u>5.0000</u> | <u>5.0000</u> |
| <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| <u>\$ 26.5869</u> | <u>\$ 44.5869</u> | <u>\$ 25.6764</u> | <u>\$ 43.6764</u> | <u>\$ 24.6534</u> | <u>\$ 42.6534</u> |

CITY OF LAPEER, MICHIGAN
TABLE OF PROPERTY TAX COLLECTIONS
AS OF JUNE 30, 2008

| LEVIED JULY 1 | FISCAL YEAR ENDED | AD VOLOREM TAX LEVY | IFT/CFT TAX LEVY | <u>COLLECTIONS TO MARCH 1 OF EACH YEAR</u> | | <u>COLLECTIONS TO JUNE 30 OF EACH YEAR</u> | |
|------------------|-------------------------|------------------------|---------------------|--|------------|--|------------|
| | | | | AMOUNT | PERCENTAGE | AMOUNT | PERCENTAGE |
| 2007 | 2008 | \$ 2,445,714.06 | \$ 148,707.16 | \$ 2,452,729.40 | 94.54% | \$ 2,593,252.05 | 99.95% |
| 2006 | 2007 | 2,327,989.16 | 135,849.56 | 2,330,978.69 | 94.61% | 2,458,734.78 | 99.79% |
| 2005 | 2006 | 2,168,246.20 | 147,596.33 | 2,214,238.54 | 95.61% | 2,310,621.42 | 99.77% |
| 2004 | 2005 | 1,831,346.07 | 100,532.74 | 1,839,811.30 | 95.23% | 1,854,547.45 | 96.00% |
| 2003 | 2004 | 1,752,769.84 | 109,656.05 | 1,757,712.64 | 94.38% | 1,840,073.96 | 98.80% |

CITY OF LAPEER, MICHIGAN
10 YEAR HISTORY OF INCOME TAX REVENUE
AS OF JUNE 30

| FISCAL YEAR | REVENUE NET OF REFUNDS | DOLLAR INCREASE FROM PRIOR YEAR | PERCENTAGE INCREASE FROM PRIOR YEAR |
|----------------|------------------------------|--|--|
| 2008 | \$ 2,393,803.38 | \$ 216,478.97 | 9.94% |
| 2007 | 2,177,324.41 | (141,160.58) | -6.09% |
| 2006 | 2,318,484.99 | 74,834.82 | 3.34% |
| 2005 | 2,243,650.17 | 79,614.43 | 3.68% |
| 2004 | 2,164,035.74 | 113,213.93 | 5.52% |
| 2003 | 2,050,821.81 | (49,705.64) | -2.37% |
| 2002 | 2,100,527.45 | 132,341.61 | 6.72% |
| 2001 | 1,968,185.84 | (136,863.90) | -6.50% |
| 2000 | 2,105,049.74 | 167,896.33 | 8.67% |
| 1999 | 1,937,153.41 | 131,939.45 | 7.31% |

The tax rate is 1% of Taxable Income for Residents and 1/2% of Taxable Income for Non-Residents. A \$600 personal exemption is allowed for each exemption claimed. Determination of Taxable Income follows Federal Guidelines.

CITY OF LAPEER, MICHIGAN
GENERAL FUND REVENUES AND EXPENSES
(FISCAL YEARS ENDING JUNE 30)

| | 2008 | 2007 | 2006 | 2005 | 2004 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenues | \$ 7,468,245.44 | \$ 7,168,921.12 | \$ 7,026,463.35 | \$ 6,713,957.59 | \$ 6,140,492.44 |
| Expenses | 5,941,390.81 | 5,762,987.48 | 5,248,864.61 | 4,865,086.28 | 4,666,149.58 |
| Revenues Over (Under) Expenses | 1,526,854.63 | 1,405,933.64 | 1,777,598.74 | 1,848,871.31 | 1,474,342.86 |
| Operating Transfers In (Out) | (1,584,133.41) | (1,959,268.41) | (1,481,519.24) | (1,059,427.09) | (1,121,148.77) |
| Prior Period Adjust. Beginning Fund Balance (July 1) | 2,063,038.29 | 2,616,373.06 | 2,320,293.56 | 1,530,849.34 | 1,177,655.25 |
| Ending Fund Balance (June 30) | 2,005,759.51 | 2,063,038.29 | 2,616,373.06 | 2,320,293.56 | 1,530,849.34 |

CITY OF LAPEER, MICHIGAN
DIRECT BONDED INDEBTEDNESS
AS OF JUNE 30, 2008

| CATEGORY OF INDEBTEDNESS | PRINCIPAL AMOUNT OUTSTANDING | LESS SELF SUPPORTING BONDS AND THE REFUNDED BONDS | NET DIRECT DEBT |
|--|------------------------------------|---|--------------------|
| 1987 Sewer Revenue Bond | \$ 185,000.00 | \$ 185,000.00 | \$ |
| 1998 TIF Revenue Refunding Bond | 1,805,000.00 | 1,805,000.00 | |
| 1999 Building Authority Bond | 505,000.00 | | 505,000.00 |
| 2000 General Obligation Limited Tax Bond | 100,000.00 | | 100,000.00 |
| 2000 Special Assessment Bond | 20,000.00 | | 20,000.00 |
| 2001 Building Authority Bond | 1,040,000.00 | | 1,040,000.00 |
| 2001 General Obligation Limited Tax Bond | 150,000.00 | | 150,000.00 |
| 2001 Special Assessment Bond | 70,000.00 | | 70,000.00 |
| 2002 General Obligation Limited Tax Bond | 285,000.00 | | 285,000.00 |
| 2002 Special Assessment Bond | 165,000.00 | | 165,000.00 |
| 2002 Building Authority Refunding Bond | 595,000.00 | | 595,000.00 |
| 2002 Equipment Financing Contract | 47,890.00 | | 47,890.00 |
| 2003 General Obligation Limited Tax Bond | 135,000.00 | | 135,000.00 |
| 2003 Special Assessment Bond | 115,000.00 | | 115,000.00 |
| 2004A Equipment Financing Contract | 139,865.00 | | 139,865.00 |
| 2005 Equipment Financing Contract | 125,938.00 | | 125,938.00 |
| 2005A Equipment Financing Contract | 454,667.00 | | 454,667.00 |
| 2005B Equipment Financing Contract | 198,137.00 | | 198,137.00 |
| 2006 General Obligation Limited Tax Bond | 415,000.00 | | 415,000.00 |
| 2006 Special Assessment Bond | 235,000.00 | | 235,000.00 |
| 2007 General Obligation Limited Tax Bond | 110,000.00 | | 110,000.00 |
| 2007 Special Assessment Bond | 175,000.00 | | 175,000.00 |
| 2008 Guaranteed Energy Savings Performance Contract | 1,404,455.00 | | 1,404,455.00 |
| Totals | \$ 8,475,952.00 | \$ 1,990,000.00 | \$ 6,485,952.00 |

(1) Funds have been escrowed from the 1998 TIF Revenue Refunding Bond to pay all remaining debt service on the 1992 TIF Revenue Bond. The Tax Increment Finance Authority #1 has no further obligation on this bond issue. The 1992 TIF Revenue Bonds were called and defeased on June 1, 2002.

CITY OF LAPEER, MICHIGAN

DEBT STATEMENT

AS OF JUNE 30, 2008

| | PRINCIPAL AMOUNT OUTSTANDING | LESS SELF SUPPORTING BONDS AND THE REFUNDED BONDS | NET DIRECT DEBT | NET DEBT (1) | |
|--|------------------------------------|---|-------------------------|--------------------|------------------------------------|
| | | | | PER CAPITA | PERCENT OF TAXABLE VALUATION |
| CITY DIRECT DEBT | | | | | |
| General Obligation Bonds (LTGO) | \$ 3,565,952.00 | \$ | \$ 3,565,952.00 | | |
| Special Assessment Bonds (LTGO) | 780,000.00 | | 780,000.00 | | |
| Building Authority Bonds (LTGO) | 2,140,000.00 | | 2,140,000.00 | | |
| Michigan Transportation Fund Bonds (LTGO) | | | | | |
| Tax Increment Revenue Bonds | 1,805,000.00 | 1,805,000.00 | | | |
| Water Revenue Bonds | | | | | |
| Sewer Revenue Bonds | <u>185,000.00</u> | <u>185,000.00</u> | | | |
| TOTAL DIRECT DEBT | <u>\$ 8,475,952.00</u> | <u>\$ 1,990,000.00</u> | <u>\$ 6,485,952.00</u> | <u>\$ 709.47</u> | <u>2.31%</u> |
| | | | | | |
| | TOTAL DEBT | CITY SHARE AS PERCENT OF TOTAL DEBT | NET CITY SHARE | NET CITY SHARE (1) | |
| | | | | PER CAPITA | PERCENT OF TAXABLE VALUATION |
| CITY OVERLAPPING DEBT | | | | | |
| Lapeer School District | \$ 55,205,000.00 | 16.73% | \$ 9,235,797.00 | | |
| County of Lapeer | 2,647,066.00 | 7.99% | 211,501.00 | | |
| Lapeer Intermediate School District | <u>4,095,000.00</u> | 8.94% | <u>366,093.00</u> | | |
| TOTAL OVERLAPPING DEBT | <u>61,947,066.00</u> | | <u>9,813,391.00</u> | <u>1,073.44</u> | <u>3.50%</u> |
| TOTAL CITY DIRECT AND OVERLAPPING DEBT | <u>\$ 70,423,018.00</u> | | <u>\$ 16,299,343.00</u> | <u>\$ 1,782.91</u> | <u>5.82%</u> |

(1) Based upon the estimated 2007 population of 9,142 and 2007 Taxable Valuation of \$280,283,171.00.

CITY OF LAPEER, MICHIGAN
GENERAL OBLIGATION DEBT LIMITATION
AS OF JUNE 30, 2008

| DESCRIPTION | ASSESSED VALUE |
|---|-------------------|
| 2007 Advolorum Assessed Value | \$ 326,164,200.00 |
| 2007 Ind. Facil. Assessed Value | 30,348,400.00 |
| | <hr/> |
| Total Assessed Value | 356,512,600.00 |
| | <hr/> |
| Debt Limitation Factor | 10.00% |
| | <hr/> |
| Debt Limitation | 35,651,260.00 |
| | <hr/> |
| Total Indebtedness as of June 30, 2008 | 8,475,952.00 |
| <u>Debt Excluded from Debt Limitation</u> | |
| 1987 Sewer Revenue Bond | 185,000.00 |
| 1998 TIF Revenue Refunding Bond | 1,805,000.00 |
| 2000 Special Assessment Bond | 20,000.00 |
| 2001 Special Assessment Bond | 70,000.00 |
| 2002 Special Assessment Bond | 165,000.00 |
| 2003 Special Assessment Bond | 115,000.00 |
| 2006 Special Assessment Bond | 235,000.00 |
| 2007 Special Assessment Bond | 175,000.00 |
| 2002 Equipment Financing Contract | 47,890.00 |
| 2004A Equipment Financing Contract | 139,865.00 |
| 2005 Equipment Financing Contract | 125,938.00 |
| 2005A Equipment Financing Contract | 454,667.00 |
| 2005B Equipment Financing Contract | 198,137.00 |
| 2008 Guaranteed Energy Savings Performance Contract | 1,404,455.00 |
| | <hr/> |
| Total Excludable Debt | 5,140,952.00 |
| | <hr/> |
| Net Indebtedness | 3,335,000.00 |
| | <hr/> |
| Amount Under (Over) Debt Limitation | \$ 32,316,260.00 |
| | <hr/> <hr/> |
| Debt applicable to limit as a percent of Assessed Value | 0.94% |

CITY OF LAPEER, MICHIGAN
INDEBTEDNESS OUTSTANDING FOR THE LAST FIVE YEARS
(EXCLUDING REVENUE BONDS)

| FISCAL YEAR | AMOUNT OUTSTANDING* | DEBT PER CAPITA** | PERCENT DEBT TO SEV | PERCENT DEBT TO ACTUAL VALUATION | |
|----------------|------------------------|----------------------|---------------------------|---|-----|
| 2007-2008 | \$ 7,109,672.53 | \$ 777.69 | 2.84% | 1.42% | (5) |
| 2006-2007 | 6,579,911.04 | 705.24 | 2.77% | 1.39% | (4) |
| 2005-2006 | 7,058,883.92 | 753.35 | 3.19% | 1.60% | (3) |
| 2004-2005 | 7,227,766.37 | 772.03 | 3.47% | 1.74% | (2) |
| 2003-2004 | 8,168,465.50 | 900.40 | 4.10% | 2.05% | (1) |

* Amount outstanding (including contracts payable and accumulated compensated absences)
at the end of each fiscal year noted.

** Calculated at a population level of 7,759.

(1) Calculated at a population level of 9,072.

(2) Calculated at an estimated population level of 9,362.

(3) Calculated at an estimated population level of 9,370

(4) Calculated at an estimated population level of 9,330.

(5) Calculated at an estimated population level of 9,142.

CITY OF LAPEER, MICHIGAN
MICHIGAN MUNICIPAL EMPLOYEES RETIREMENT SYSTEM

| ACTUARIAL | TOTAL ACCRUED LIABILITIES | ACCRUED ASSETS | UNFUNDED ACCRUED LIABILITIES | ASSETS AS PERCENT OF ACCRUED LIABILITIES |
|-------------------|---------------------------------|-------------------|------------------------------------|---|
| December 31, 2007 | \$ 16,184,839.00 | \$ 12,018,808.00 | \$ 4,166,031.00 | 74% |
| December 31, 2006 | \$ 15,167,208.00 | \$ 11,143,151.00 | \$ 4,024,057.00 | 73% |
| December 31, 2005 | 14,070,488.00 | 10,357,383.00 | 3,713,105.00 | 74% |
| December 31, 2004 | 12,853,822.00 | 9,823,323.00 | 3,030,499.00 | 76% |
| December 31, 2003 | 11,968,367.00 | 9,380,754.00 | 2,587,613.00 | 78% |
| December 31, 2002 | 10,750,223.00 | 8,871,460.00 | 1,878,763.00 | 83% |
| December 31, 2001 | 9,712,841.00 | 8,708,627.00 | 1,004,214.00 | 90% |
| December 31, 2000 | 9,012,219.00 | 8,173,945.00 | 838,274.00 | 91% |
| December 31, 1999 | 7,833,044.00 | 7,488,506.00 | 344,538.00 | 96% |
| December 31, 1998 | 7,149,292.00 | 6,576,360.00 | 572,932.00 | 92% |

CITY OF LAPEER, MICHIGAN
HISTORY OF REVENUE SHARING PAYMENTS

| FISCAL YEAR END | REVENUE SHARING PAYMENT | INVENTORY REIMBURSEMENT | TOTAL |
|--------------------|-------------------------------|----------------------------|---------------|
| June 30, 2008 | \$ 784,522.00 | \$ | \$ 784,522.00 |
| June 30, 2007 | 801,727.00 | | 801,727.00 |
| June 30, 2006 | 811,246.00 | | 811,246.00 |
| June 30, 2005 | 818,099.00 | | 818,099.00 |
| June 30, 2004 | 862,709.00 | | 862,709.00 |
| June 30, 2003 | 889,506.00 | | 889,506.00 |
| June 30, 2002 | 1,037,526.00 | | 1,037,526.00 |
| June 30, 2001 | 938,510.00 | | 938,510.00 |
| June 30, 2000 | 836,253.00 | | 836,253.00 |
| June 30, 1999 | 791,618.00 | 24,827.00 | 816,445.00 |

CITY OF LAPEER, MICHIGAN

TEN LARGEST TAXPAYERS

| TAXPAYER | PRINCIPAL PRODUCT OR SERVICE | 2007 TAXABLE VALUATION | PERCENT OF 2007 TAXABLE VALUATION |
|--------------------------------|--|---------------------------------------|--|
| Lemforder ZF Corporation | Machine automotive and industrial metal products | \$ 12,729,867.00 | 4.54% |
| Urgent Design & Manufacturing | Rapid proto-type fabrication and manufacturing | 6,479,877.00 | 2.31% |
| Meijer, Inc. | Retail store | 4,821,600.00 | 1.72% |
| Wal-Mart Stores East LP | Retail store | 4,812,634.00 | 1.72% |
| Detroit Edison Company | Electric utility | 4,686,023.00 | 1.67% |
| H & H Tools, Inc. | Manufacture of transmission, hydraulic, and AC parts | 4,389,998.00 | 1.57% |
| Rolling Hills Apartments, Inc. | Apartments | 4,014,704.00 | 1.43% |
| Dott Industries, Inc. | Chrome plating | 3,861,564.00 | 1.38% |
| American Shower and Bath | Bath Fixtures | 3,402,035.00 | 1.21% |
| Lapeer Associates LLC | Rental management - commercial | 3,269,248.00 | 1.17% |

CITY OF LAPEER, MICHIGAN
INDUSTRIAL FACILITIES TAX ROLL
FOR THE 2007 TAX YEAR

| YEAR OF TRANSFER TO AD VALOREM TAX ROLL | I.F.T. TAXABLE VALUE |
|--|--------------------------------|
| 2008 | \$ 553,300.00 |
| 2009 | 1,749,300.00 |
| 2010 | 2,231,600.00 |
| 2011 | 921,000.00 |
| 2012 | 2,315,400.00 |
| 2013 | 1,060,100.00 |
| 2014 | 7,556,800.00 |
| 2015 | |
| 2016 | 325,000.00 |
| 2017 | |
| 2018 | 1,692,100.00 |
| 2019 | <u>11,943,800.00</u> |
| TOTAL | \$ <u><u>30,348,400.00</u></u> |

CITY OF LAPEER, MICHIGAN
TWELVE LARGEST EMPLOYERS

| COMPANY NAME | NUMBER OF EMPLOYEES | PRINCIPAL PRODUCT OR SERVICE |
|-----------------------------|------------------------|------------------------------------|
| Lapeer Regional Hospital | 810 | Medical Services |
| Lapeer Community Schools | 800 | Education |
| Wal-Mart | 500 | Retail Sales |
| Lapeer Industries | 360 | Machining and Fabrication of Metal |
| Thumb Correctional Facility | 350 | Correctional Facility |
| Meijer | 325 | Retail Sales |
| Lapeer Metal Stamping | 311 | Metal Stamping and Assemblies |
| Lapeer County | 249 | County Management |
| Dott Industries/Deco Plate | 248 | Automotive Industry |
| Mold Masters | 215 | Plastic injection molding |
| American Shower and Bath | 160 | Vacuum Forming Bath Products |
| Growth and Opportunity | 140 | Assembly of Parts |